

## **Appendix L**

### **Economic Analysis**

August 19, 1996

Ms. Andi Culbertson  
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**RE: James A. Musick Facility and the Effect of the Proposed Expansion on Surrounding Property Values**

Dear Ms. Culbertson:

In accordance with your request and authorization, Tarantello & Associates has prepared a study on property values in the area surrounding the James A. Musick Jail Site. The study objective was to ascertain whether property values in the vicinity of the Jail Site would be adversely affected by the proposed expansion.

We are pleased to present the following final report which includes a statistical analysis of current and historical lease rates and current and historical detached single family home prices for the area surrounding the Site and incorporating the changes we have discussed. It also includes conclusions regarding the affect of the Jail and the proposed expansion on property values in the surrounding area.

We thank you for the opportunity to be of service and look forward to your continued patronage in the future.

Respectfully submitted,

TARANTELO & ASSOCIATES

*Reviewed by*  
Dr. R. Tarantello  
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Consultant

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Item B - Industrial Lease Rate Survey

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## EXECUTIVE SUMMARY

PURPOSE

The purpose of this report was to determine if the proposed expansion of the James A. Musick Facility and the announcement of the change in security classification from minimum to medium and maximum security inmates impacted surrounding property values. Potential impacts were tested by examining industrial lease rates and residential home prices in the surrounding areas.

METHODOLOGY

This study consists of two sections: residential real estate and industrial properties. The residential section is based on a statistical analysis of recent and historical residential sales prices in Lake Forest within a three mile proximity of the James A. Musick Jail. The methodology used in the industrial section of this report was a statistical analysis of recent and historic lease rates in the surrounding areas of the James A. Musick facility, the Irvine Spectrum at the junction of the San Diego (405) Freeway and the Santa Ana (5) Freeway, and the Pacific Commerce Center in Lake Forest.

CONCLUSION

The conclusion of this report based on the statistical testing methods defined within the text of this report is that the announcement regarding the James A. Musick Jail has not significantly impacted property values in the surrounding area in either the residential or industrial real estate markets.

## INTRODUCTION

Tarantello & Associates was retained by Culbertson, Adams & Associates on June 23, 1996 to study the effects of the proposed expansion of the James A. Musick Jail. Currently, the Jail is a minimum security facility with approximately 1,256 beds. The proposed expansion and the recommended number of beds to be housed at the 100 acre James A. Musick facility was outlined in the 1987 Major Corrections Needs Assessment Study Update prepared by the Omni Group. The report projected a total of 7,572 beds, including 6,411 "new" rated beds, 713 "existing" rebuilt beds, and 448 medical beds. The "worst case" maximum number of inmates to be housed at the facility would be 7,680. The proposed expanded facility will be built in three phases comprised of a number of building complexes. The Notice of Preparation (NOP) disclosing the proposed expansion was filed on June 28, 1996. Inherent in this study is the effect of the placement of a full range of inmate classifications including minimum, medium and maximum security prisoners. This report examines current and historic property values and broker attitudes to determine if lease rates or sales prices have been impacted by the announcement of the placement of maximum and medium security prisoners included in the jail expansion announcement.

The Residential section of this report focuses on changes in residential sales prices as a function of proximity to the James A. Musick Jail. Prices are measured on a dollar per square foot basis. Home prices were compiled and analyzed from May 1, 1995 through April 23, 1996 and measured against recent sale prices compiled since the April 23, 1996 Board of Supervisor's meeting announcing the proposed expansion and introduction of maximum and medium security inmates at the James A. Musick facility. The Board of Supervisor's announcement was reported in the April 24, 1996 Orange County Register and The Los Angeles Times Orange County edition newspapers.

The Industrial section of this report focuses on overall changes in lease rates. Reference points were analyzed over a ten year period from 1987 through 1996. This period represents the major expansions, changes in status to medium or maximum security inmates, and announcements of further expansions included in the June 28, 1996 Notice of Preparation.

### OBJECTIVE

This report utilizes two types of statistical analysis techniques to determine if there is a functional relationship between distance from the James A. Musick Jail and change in property values between the defined "Subject" and "Comparable" areas. Statistical methods and analysis are concerned with the collection, organization and description of numerical data which form a sample. This type of analysis is an extremely reliable and effective technique in determining a relationship between the basis of the characteristics evident in the sample when making inferences about the characteristics of a population or universe of data. The first classification of statistics, descriptive statistics, is designed to summarize the compiled data into a tabular format to describe the principle features of the collected data.

OBJECTIVE (CON'T)

In the Industrial section of this report, lease rates are compiled over a ten year period (1987 through 1996). Contract leasing rates were compared to historical lease rates for 1987/1988, 1994/1995, 1996 and asking lease rates for the Subject area and Comparable area. The data is formatted into both a Pre-Announcement and Post-Announcement period using an overall Comparison of Means analysis. Due to the lack of sufficient data sets for the Pre-Announcement and Post-Announcement period as defined in the Residential Analysis of this report, the data has been collected into time period groups. A total market analysis was also performed on the entire data collected which included both the Subject area, within one mile of the James A. Musick facility, and the Comparable area approximately within one to three miles of the jail site. The Pre-Announcement period identified in this section is the 1994/1995 data set. The Post-Announcement period contains the 1996 negotiated contract rates. The 1987/1988 and the asking lease rates were utilized as a check and balance for the pre and post announcement period results.

Two time periods were established in the Residential section of the report to support the determination of a residential home price impact, if any, to the homes within close proximity to the James A. Musick Facility. The Pre-Announcement period for purposes of this analysis is defined from May 1, 1995 through April 23, 1996. The Post-Announcement period includes completed sales activity from April 24, 1996 through July 24, 1996.

The ultimate purpose of statistical analysis utilized on the basis of collected data is to draw useful conclusions. Hence, inferential statistics techniques are applied in this report by which conclusions are derived about the characteristics of a population from the basis of the collection of observations in the sample. Thus, subsequent changes in industrial lease rates and/or residential property values from pre and post announcement periods can be statistically related by employing tests of significance or tests of hypotheses to distance from the jail. It can then be inferred from the test results whether or not these events have somehow affected the surrounding area's property values.

SUBJECT AREA AND COMPARABLE AREAS

In the Industrial section of this report, the term "Subject Area" is used to describe those buildings within an approximate one mile radius of the jail site. This area includes the parcels in Irvine located in the Irvine Sphere of Influence north of Jeronimo Road and south of the James A. Musick facility. The subject area in Lake Forest is east of the jail site referred to as the Pacific Commerce Center.

The Comparable Areas are defined as those areas within a 3-mile radius of the Site. These are:

- 1) Irvine - Irvine Industrial Complex East. This area surrounds the junction between the Santa Ana (5) and San Diego (405) freeways known as the El Toro "Y".

It is necessary to compare the "Subject" area's recent lease rates not only with its past lease rates but also with its neighboring areas' past and recent lease rates. Without this comparison, general real estate market conditions would be ignored and significant changes in the rates observed for the "Subject" area may not necessarily imply the jail as the cause. It is possible that other influences impacted rates throughout the entire market area, even in the particular areas not affected by the jail.

In the Residential section of this report, the term "Subject Area" refers to the community of homes located north of Trabuco Road, east of Bake Parkway, west of Lake Forest Drive and south of Commercentre Drive. This area includes the Serrano Park Community. The "Comparable" areas are defined as the areas which surround the "Subject/Primary" area and are within a two and a half mile proximity of the James A. Musick facility. All the residential homes sales transactions were collected from Lake Forest communities located south and east of the jail and are segregated by major roadways. There are two comparable areas cited in the Residential Analysis section of this report, "Secondary A" refers to those residences located south of Trabuco Road, west of Bake Parkway, north of Muirlands Boulevard (Barranca Parkway) and east of Lake Forest Drive. The other comparable area labeled "Secondary B" encompasses the communities of homes located west of Lake Forest Drive, east of El Toro Road, north of Jeronimo Road and south of Pittsford Drive. All of the collected data is based on full sales transactions for single family residences situated within the specified areas.

A comparison of means test was also conducted between the defined "Subject Area" and two residential communities within the city of Irvine, one of which is known as the Northwood community. The Irvine communities are situated northwest of the James A. Musick facility. The results of the test yielded such a high degree of standard error between the areas, it was not possible to conclude with any degree of confidence which economic or regional impacts to the fluctuation in residential property values could also have been attributable to the recent announcement of the planned placement of a commercial airport at the El Toro Marine Corps Air Station without doing a more detailed analysis of this particular event. This was not in the scope of the objective of this report.



## SUBJECT AND COMPARABLE AREA BACKGROUND

The James A. Musick Jail is located northeast of Irvine Boulevard, southeast of the future extension of Alton Parkway and northwest of Bake Parkway in an unincorporated area of Orange County.

Some of the key events in the James A. Musick Jail history, as detailed by the Orange County Sheriff's Facilities Planning Department, the NOP, and the Orange County Register and Los Angeles Times Orange County edition newspapers are:

- |                  |   |
|------------------|---|
| August, 1985:    | The federal court order issued in Stewart v. Gates necessitated the procurement of tents for the James A. Musick facility as a temporary solution to the overcrowding in the Central Men's Jail, 320 beds were added. |
| January, 1986:   | In a continuing effort as a "quick fix" solution, modular units were erected at the James A. Musick facility, 460 beds were added. Average daily inmates totaled 970.   |
| November, 1991:  | The Orange County Board of Supervisors abandon the proposed Gypsum Canyon Jail project..  |
| January, 1992:   | County officials propose an expansion at the Theo Lacy Jail that will provide a total of 2,228 beds.  |
| September, 1994: | Sheriff Brad Gates encouraged county officials to consider expanding the James A. Musick jail.  |
| November, 1994:  | The Grand Jury report recommended the building of a 3,000 bed, maximum to medium security jail on the 100 acre James A. Musick site nest to the existing jail.  |
| December, 1994:  | Board of Supervisors authorize study of a new jail at El Toro Marine Corps Air Station and relocating the James A. Musick jail to the air base.   |
| April 23, 1996:  | Board of Supervisors agree to consider expanding the James A. Musick facility and changing status to house medium and maximum security inmates.   |
| May 28, 1996:    | Board of Supervisors agree to preparation of an Environmental Impact Report for proposed jail expansion at the James A. Musick facility.  |

June 7, 1996: Notice of Intent to prepare the draft Environmental Impact Report for the expansion of the James A. Musick facility, relocation of interim care facility and construction of the Southeast Sheriff's station is published in the Notice of Preparation (NOP).

June 28, 1996: The official "Scoping Meeting" and the public mail out for the James A. Musick facility is accomplished.

The James A. Musick facility is situated in the city of Irvine Sphere of Influence and adjacent to the city of Lake Forest. This section describes these cities in order to provide a general demographic background of the Subject and comparable areas.





## IRVINE

The James A. Musick facility is located in the Irvine Sphere of Influence. A portion of the industrial community of the City of Irvine surrounds the jail to the south and southwest. The El Toro Marine Corps Air Station is adjacent to the jail site. The origins of the City of Irvine dates back to the 19th century when the area was known as the Irvine ranch. The Irvine ranch covered approximately 172 square miles. Today, the City of Irvine encompasses 43.1 square miles and is one of the largest planned communities in the United States. The city is located within close proximity to the John Wayne Airport and all of Orange County's freeways either border or intersect the city.

According to the City of Irvine Chamber of Commerce, Irvine has reached the halfway point of its' projected employment and population growth. Population increases averaged 20 percent between 1970-1980 and then dropped to 8 percent per year from 1980-1990. Currently, increases have averaged 2 percent per year and are anticipated to increase at the same yearly rate until the year 2000. In 1994, Irvine received a #1 U.S. Safety Ranking in the FBI's annual crime statistics report on cities with population over 100,000.

The population was 121,173 in 1994, consisting of approximately 27,700 families with an average of 3.13 persons per family. There are 44,191 households of which 59.6 percent are owners and 35.8 percent are renters. The median value of a house is \$235,545. The average household income is \$57,327. Total estimated employment is 165,000. The approximate unemployment rate is 4.7 percent.

The City of Irvine major employers are as follows:

<u>Employer</u>	<u>Type of Business</u>	<u># of Employees</u>
University of California Irvine	Education	9,300
Fluor Daniel	Engineering	3,100
Allergan	Pharmaceuticals	2,000
St. John Knits	Knit Goods	1,900
Parker Hannifan	Aircraft Parts	1,800
Irvine Unified School District	Education	1,600
McGaw, Inc.	Pharmaceuticals	1,400
First California Mortgage	Financial Services	1,000
Western National Property	Property Management	1,000
Taco Bell, Inc.	Restaurants	950
A S T Research	Computer Equipment	800
Western Digital	Computer Components	800
Beech Street Corporation	Managed Health Care	770

IRVINE (CON'T)

The total commercial square footage by category is as follows:

<u>Category</u>	<u>1990</u>	<u>2000</u>
Village Commercial	845,424	1,323,780
District Commercial	548,424	698,582
Specialty Commercial	586,015	698,582
General Commercial	1,422,490	3,411,864
Regional Commercial	N/A	600,000
Commercial Recreational	169,076	384,642
Institution	3,220,741	5,276,708
Medical Office	553,854	1,276,892
Office	25,422,405	35,893,107
Manufacturing/Warehouse	20,800,383	25,529,062
Research & Development	6,207,054	20,038,114
Hotel	1,596,178	2,410,024
Campus	1,738,716	1,738,716
Military	5,487,000	5,487,000

LAKE FOREST

Lake Forest is the adjacent residential community east and southeast of the James A. Musick Jail. The city of Lake Forest covers approximately 10.24 square miles. Lake Forest is primarily a residential community which is evidenced by the fact that the city's major employment is real estate management.

According to the California State Department of Finance, the total city population in 1994 was 58,000 which consists of 16,443 families with an average of 3.23 persons per family. Population growth has averaged a little over 2 percent per year since 1993 and is anticipated to grow at approximately the same rate through the year 2005. As of 1994, there were 20,796 households of which 64.3 percent are owners and 35.7 percent are renters. The median value of a house is \$206,375. The average household income is \$61,013.

The primary industry is small retail shops and office professionals. The primary special business areas are:

1. Saddleback Plaza at El Toro Road and Rockfield Boulevard
2. Bell Tower Plaza at El Toro Road and Raymond Way
3. Lake Forest Plaza at Lake Forest Drive and Rockfield Boulevard
4. Baker Ranch at Lake Forest Drive and Foothill Transportation Corridor
5. Dimension Business Park at Lake Forest Drive and Dimension Drive
6. Canada Business Park at Lake Forest Drive and Aspan Street
7. Pacific Commerce Center at Bake Parkway and Commercentre Drive

## ANALYSIS OF RESIDENTIAL VALUES

### METHODOLOGY

#### Research Question:

Did detached single family home values in the area surrounding the James A. Musick Jail suffer relative to single family values further away due to the proposed expansion and operational changes at the Jail.

#### Data Collection:

Data was compiled using the on-line data available from the Dataquick Information Network, an independent database vendor. Detached single family homes were selected as a representative housing category, as home buyers are likely to be most sensitive to current or pending changes to their neighborhood. This should be reflected in housing prices. Data was compiled from May 1, 1995 to April 23, 1996. This period designates the Pre-Announcement period. The second data set was compiled from the proposed expansion announcement on April 24, 1996 through July 24, 1996. These transactions constitute the Post-Announcement period. Comparisons between these data sets should reflect the impact of the operating status change and proposed expansion on housing values.

The data was grouped according to distance from the James A. Musick Site and was organized into three groups. The transactions included in the "Subject/Primary" area was collected from the residential area considered most likely to be affected by the proposed changes at the jail. This area primarily encompasses those residences 0.2-1.5 miles east and 0.2-1.0 miles south of the jail. Sales transactions in the secondary areas are considered unlikely to be impacted by the proposed expansion due to their proximity to the jail site. The secondary area is organized into two groups. Observations collected from the residential communities located south of Irvine Boulevard/Trabuco Road between Lake Forest Drive and Bake Parkway is the comparable area referred to in this section as Secondary "A". The second comparable area, Secondary "B", is compiled from the communities situated north of Jeronimo Road between Lake Forest Drive and El Toro Road.

#### Analysis:

The data was analyzed using the Comparison of Means technique. The unit of measurement selected for the comparison was sales price per square foot to compensate for variations in house size. This statistical technique contrasts the average price per foot (mean) for each data set of observations and determines whether there is a statistically significant difference between those averages (means). This analysis further identifies any statistically significant differences between the samples of data and thereby determines whether there is any economic impact on the homes surrounding the jail site resulting from the proposed expansion and operational status.



The four sets of data utilized to conduct the Comparison of Means (Hypothesis) tests to ascertain whether the expansion announcement had an impact on residential resale property values surrounding The James A. Musick facility were as follows:

- 1) The **Pre-Announcement** resale prices in the Subject/Primary area were compared with Pre-Announcement prices in the comparable Secondary areas.
- 2) The **Post-Announcement** resale prices in the Subject/Primary area were compared with Post-Announcement prices in the comparable Secondary areas.
- 3) The resale prices in the **Subject/Primary** area prior to the announcement were compared to the resale prices in the same area after the announcement.
- 4) The resale prices in the **Secondary** area prior to the announcement were compared to the resale prices in the same area after the announcement.

The results of Test 1 and Test 2 indicate whether there is any difference **between** the Subject/Primary and the Secondary areas as a result of the proposed expansion announcement. Tests 3 and Test 4 indicate whether any difference **within** each area was attributable to the announcement. By utilizing the hypothesis testing techniques from inferential statistics a conclusion can be reached as to whether there is a statistically significant difference between resale values at varying distances from the jail site (Tests 1 & 2), and before and after the announcement of the proposed expansion (Tests 3 & 4).

Hypothesis testing accounts for the number of data points and their variance, within each group. To perform the test, two alternate hypotheses are constructed:

Hypothesis 0: The changes in sales price for each group are equal.

Hypothesis 1: The changes in one group are larger than in the other.

Within a specified range of confidence, in this analysis 95 percent, one is able to conclude either Hypothesis 0 or Hypothesis 1. This is done by calculating a range of differences between the two means within which the difference is explained by the variances in the data. If the actual difference between the mean in the one area and the mean in the other area falls within this range, Hypothesis 0 is concluded. If the actual difference between the two means is above or below the calculated range of values, Hypothesis 1 is concluded.

An additional test, using the T-statistic, computes a relationship between the actual observed difference between the means, and the Standard Error of Estimate, which is a measure of variance within the data. A T-statistic of between -2 and 2 indicates the difference between the means can be explained by variances within the data, and is therefore not a statistically significant difference. A T-Statistic less than -2 or greater than 2 signifies the difference in the means is greater than that which is explainable by the variances within the data, and is therefore statistically significant.

Results:

**TEST 1:**

The Pre-Announcement data is presented in Exhibit 1 and the data is summarized as follows:

AREA	MEAN	VARIANCE	# OF OBS.
Primary	\$114.55	\$232.63	70
Secondary "A"	\$108.69	\$563.95	94
Secondary "B"	\$110.08	\$301.99	103

Comparing the Subject/Primary area with the Secondary "A" results in a Standard Error estimate of \$3.05. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$5.98 and an upper limit of \$5.98. The actual difference between the means is -\$5.86, which is within the range of acceptable differences. Therefore Hypothesis 0 is concluded: There is no statistically significant difference between the two means.

Comparing the Subject/Primary area with the Secondary "B" results in a Standard Error estimate of \$2.50. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$4.90 and an upper limit of \$4.90. The actual difference between the means is -\$4.47, which is within the range of acceptable differences. Therefore Hypothesis 0 is concluded: There is no statistically significant difference between the two means.

The calculated T-Statistic is -1.91922 for Secondary "A" and -1.78725 for Secondary "B" respectively. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference between values in the two areas. The results of the comparison between the Primary area and the two secondary areas both indicate no statistically significant difference.

**TEST 2:**

The Post-Announcement data is presented in Exhibit 2 and summarized as follows:

AREA	MEAN	VARIANCE	# OF OBS.
Primary	\$115.99	\$299.83	23
Secondary "A"	\$113.97	\$1,025.25	37
Secondary "B"	\$106.02	\$214.32	31

Comparing the Post-Announcement Subject/Primary area with the Post-Announcement Secondary "A" results in a Standard Error estimate of \$6.38. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$12.51 and an upper limit of \$12.51. The actual difference between the means is -\$2.02, which is within the range of acceptable differences. Therefore Hypothesis 0 is concluded: There is no statistically significant difference between the two means.

Comparing the Subject/Primary area with the Secondary "B" results in a Standard Error estimate of \$4.47. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$8.75 and an upper limit of \$8.75. The actual difference between the means is -\$7.95, which is within the range of acceptable differences. Therefore Hypothesis 0 is concluded: There is no statistically significant difference between the two means.

The calculated T-Statistic is -0.31645 and -1.77992 respectively for the two comparable areas. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference between values in the three areas. The results of the comparison between the Subject/Primary area and the two secondary areas in the Post-Announcement period indicate that the average value of a single family residence based on a price per square foot was slightly lower in the areas further from the jail site.

Hypothesis 0 is concluded: The Subject/Primary and Secondary areas have no statistically significant difference between values after the announcement.

### TEST 3:

The **Primary Area** data is presented in Exhibit 3 and summarized as follows:

PERIOD	MEAN	VARIANCE	# OF OBS.
Pre-Announcement (5/95-4/23/96)	\$114.55	\$232.63	70
Post Announcement (4/24/96-7/24/96)	\$115.99	\$299.83	23

Comparing the Pre-Announcement period with the Post-Announcement period results in a Standard Error estimate of \$4.04. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$7.93 and an upper limit of \$7.93. The actual difference between the means is \$1.44, which is within the range of acceptable differences.

The T-Statistic is 0.356024. For the difference between the means to be statistically significant this

value must fall below -2 or above +2. Therefore this measure also indicates no difference between values in the Subject/Primary area .

Hypothesis 0 is concluded: There is no statistically significant difference between values in the Primary area before and after the proposed expansion announcement.

**TEST 4:**

The **Secondary Area "A"** data is presented in Exhibit 4 and summarized as follows:

PERIOD	MEAN	VARIANCE	# OF OBS.
Pre-Announcement (5/95-4/23/96)	\$108.69	\$563.95	94
Post Announcement (4/24/96-7/24/96)	\$113.97	\$1,025.25	37

The **Secondary Area "B"** data is presented in Exhibit 5 and summarized as follows:

PERIOD	MEAN	VARIANCE	# OF OBS.
Pre-Announcement (5/95-4/23/96)	\$110.08	\$301.99	103
Post Announcement (4/24/96-7/24/96)	\$106.02	\$214.32	31

Comparing the Pre-Announcement period with the Post-Announcement period results in a Standard Error estimate of \$5.81 for Secondary "A" and \$3.14 for Secondary "B". Using these standard error calculations to compute an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$11.38 and an upper limit of \$11.38 for the comparable area Secondary "A". The acceptable range for the comparable Secondary "B" results in a lower limit of -\$6.15 and an upper limit of \$6.15. The actual difference between the means is \$5.28 and -\$4.06 respectively, which is within the range of acceptable differences in both samples.

The T-Statistic is 0.909414 and -1.29392. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference between values in the two Secondary areas.

Hypothesis 0 is concluded: There is no statistically significant difference between values in the Secondary areas before and after the proposed expansion announcement.

# EXHIBIT 1

## DIFFERENCE BETWEEN VALUES IN PRIMARY AND SECONDARY AREAS: 5/95-4/23/96 PRE ANNOUNCEMENT

### SUMMARY OF RESIDENTIAL DATA - 5/01/95 TO 4/23/96

	PRIMARY	SECOND. "A"	SECOND. "B"
MEAN	\$114.55	\$108.69	\$110.08
VARIANCE	\$232.63	\$563.95	\$301.99
# OF OBS.	70	94	103

### HYPOTHESIS TESTING - 95% PROBABILITY

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

### COMPARE TWO AREAS

	MEAN	VARIANCE	# OF OBS.	STANDARD ERROR	ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
PRIMARY	\$114.55	\$232.63	70	\$3.05	(\$5.98) -	(\$5.86)	-1.91922	H0: NO DIFFERENCE
SECONDARY "A"	\$108.69	\$563.95	94	\$2.50	(\$4.90) -	(\$4.47)	-1.78725	H0: NO DIFFERENCE
SECONDARY "B"	\$110.08	\$301.99	103					

CONCLUSION: AN EXAMINATION OF RESIDENTIAL SALES BETWEEN 5/95 AND 4/23/96 REVEALS NO CORRELATION BETWEEN DISTANCE FROM THE JAIL SITE AND RESIDENTIAL VALUES.

EXHIBIT 2

DIFFERENCE BETWEEN VALUES IN PRIMARY AND SECONDARY AREAS: 4/24/96-7/24/96  
POST ANNOUNCEMENT

SUMMARY OF RESIDENTIAL DATA - 4/24/96 TO 7/24/96

	PRIMARY	SECOND. "A"	SECOND. "B"
MEAN	\$115.99	\$113.97	\$106.02
VARIANCE	\$299.83	\$1,025.25	\$214.32
# OF OBS.	23	37	31

HYPOTHESIS TESTING - 95% PROBABILITY

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

COMPARE TWO AREAS

	MEAN	VARIANCE	# OF OBS.	STANDARD ERROR	ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
PRIMARY	\$115.99	\$299.83	23					
SECONDARY "A"	\$113.97	\$1,025.25	37	\$6.38	(\$12.51) -	(\$2.02)	-0.31645	H0: NO DIFFERENCE
SECONDARY "B"	\$106.02	\$214.32	31	\$4.47	(\$8.75) -	(\$7.95)	-1.77992	H0: NO DIFFERENCE

CONCLUSION: AN EXAMINATION OF RESIDENTIAL SALES BETWEEN 4/24/96 AND 7/24/96 REVEALS NO  
CORRELATION BETWEEN DISTANCE FROM THE JAIL SITE AND RESIDENTIAL VALUES.

002450

EXHIBIT 3

DIFFERENCE BETWEEN VALUES IN PRIMARY AREA: PRE AND POST ANNOUNCEMENT

SUMMARY OF RESIDENTIAL DATA - PRE & POST

	PRE	POST
MEAN	\$114.55	\$115.99
VARIANCE	\$232.63	\$299.83
# OF OBS.	70	23

HYPOTHESIS TESTING - 95% PROBABILITY

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.  
  
CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

COMPARE TWO PERIODS

	MEAN	STD. DEV.	# OF OBS.	STANDARD ERROR	ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
PRE	\$114.55	\$232.63	70					
POST	\$115.99	\$299.83	23	\$4.04	(\$7.93) - \$7.93	\$1.44	0.356024	H0: NO DIFFERENCE

CONCLUSION: AN EXAMINATION OF RESIDENTIAL SALES IN THE PRIMARY AREA REVEALS  
NO STATISTICALLY SIGNIFICANT CHANGE IN RESIDENTIAL VALUES.

**EXHIBIT 4**

**DIFFERENCE BETWEEN VALUES IN SECONDARY "A" AREA: PRE AND POST ANNOUNCEMENT**

**SUMMARY OF RESIDENTIAL DATA - PRE & POST**

	PRE	POST
MEAN	\$108.69	\$113.97
VARIANCE	\$563.95	\$1,025.25
# OF OBS.	94	37

**HYPOTHESIS TESTING - 95% PROBABILITY**

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

**COMPARE TWO PERIODS**

	MEAN	STD. DEV.	# OF OBS.	STANDARD ERROR	ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
PRE	\$108.69	\$563.95	94					
POST	\$113.97	\$1,025.25	37	\$5.81	(\$11.38) - \$11.38	\$5.28	0.909414	H0: NO DIFFERENCE

CONCLUSION: AN EXAMINATION OF RESIDENTIAL SALES IN THE SECONDARY "A" AREA REVEALS  
NO STATISTICALLY SIGNIFICANT CHANGE IN RESIDENTIAL VALUES.



**EXHIBIT 5**

**DIFFERENCE BETWEEN VALUES IN SECONDARY "B" AREA: PRE AND POST ANNOUNCEMENT**

**SUMMARY OF RESIDENTIAL DATA - PRE & POST**

	PRE	POST
MEAN	\$110.08	\$106.02
VARIANCE	\$301.99	\$214.32
# OF OBS.	103	31

**HYPOTHESIS TESTING - 95% PROBABILITY**

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

**COMPARE TWO PERIODS**

	MEAN	STD. DEV.	# OF OBS.	STANDARD ERROR	ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
PRE	\$110.08	\$301.99	103					
POST	\$106.02	\$214.32	31	\$3.14	(\$6.15) - \$6.15	(\$4.06)	-1.29392	H0: NO DIFFERENCE

**CONCLUSION: AN EXAMINATION OF RESIDENTIAL SALES IN THE SECONDARY "B" AREA REVEALS  
NO STATISTICALLY SIGNIFICANT CHANGE IN RESIDENTIAL VALUES.**

CHANGE IN VALUES

The average changes in sales prices per square foot between the Pre and Post-Announcement period for each of the three areas are:

AREA	CHANGE (\$)	CHANGE (%)
Primary	\$1.44	1.26%
Secondary "A"	\$5.28	4.85%
Secondary "B"	\$(4.06)	(3.83)%

Conclusion:

There appears to be no relationship between distance from the James A. Musick Jail and changes in surrounding residential property values. The results indicate that the proposed expansion of the James A. Musick Jail as of April 23, 1996 have not impacted property values in the surrounding area, since the residential values closer to the Site are not significantly different to those further away. Although sales prices per square feet increased in the Subject/Primary area and in the Secondary "A" comparable area, and decreased in the Secondary "B" area, the test between the pre and post announcement period for each group produced results indicating no statistically significant impact.

## ANALYSIS OF INDUSTRIAL VALUES

METHODOLOGYResearch Question:

Did industrial lease rates in the area surrounding the James A. Musick Jail suffer relative to comparable industrial properties further away due to the proposed expansion and operational changes at the Jail.

Data Collection:

The Grubb & Ellis Real Estate Marketing Information System database was utilized to obtain a ten year overview of the Irvine industrial real estate market. Eighty-one contract lease rates for industrial buildings situated in the Irvine area were compiled over the ten year period (1987-1996). The Grubb & Ellis Real Estate Marketing Information System is a master database maintained and updated by the Grubb & Ellis Commercial brokerage on a continuing basis and tracks sales and completed lease transactions by location. Although the database may not contain all the transactions which occur in the marketplace, it did provide a sufficient number of data sets to compare in the statistical analysis of this report for the total market analysis. The total industrial market analysis includes manufacturing and warehouse/distribution facilities of various sizes. An adjustment has not been made to the data provided by Grubb & Ellis for the different types of lease arrangements since a mix of lease types are included throughout the ten year period. The time constraint of the report did not allow for the verification and identification of the particular intricacies of each lease negotiation used as a reference point.

An additional twelve lease/asking rates were compiled for the Subject area from a market survey conducted the first week of August by Tarantello & Associates to supplement data sets not included in the Grubb & Ellis database. The impact on surrounding lease rates due to changes at the James A. Musick facility subsequent to the announcement of the proposed expansion will be reflected by changes in the industrial lease rates between the identified reference dates.

Data was compiled for 1987 through 1988, 1994 through 1995, and 1996. This was done in an effort to accumulate a sufficient number of reference points for each time period. The completed lease transactions negotiated during 1994 through 1995 has been defined for purposes of this report as the Pre-Announcement period. Eleven completed lease transactions were collected for 1996 for the total Irvine market, only three of those have been finalized since the April 23, 1996 Board of Supervisor's meeting. Since information about proposed expansion considerations at the James A. Musick facility has been reported in both the Orange County Register and the Los Angeles Times Orange County edition newspapers in November and December of 1994, all of the 1996 data points are deemed applicable for the Post-Announcement period.

The data was grouped according to distance from the James A. Musick Jail site and organized into two groups. The "Subject" area is defined as those buildings most likely to be affected by the proposed changes at the jail. This area encompasses an approximately one mile area east and south of the jail to Jeronimo Road. The Comparable area is identified as the remaining Irvine East Industrial Complex which includes all those buildings located near the intersection of the Santa Ana (5) and San Diego (405) freeways approximately one to three miles from the jail site. The buildings located in the Pacific Commerce Center have not been included in the "Subject" area of this analysis as this area is just being developed.

Analysis:

The data was analyzed using the Comparison of Means technique. This statistical method contrasts the average (mean) contract lease rates and asking lease rates for a given set of transactions in the marketplace and determines whether there is a statistically significance between those averages (means). This analysis further identifies any statistically significant differences between the sample of data and thereby determines whether there is any economic impact on the industrial buildings surrounding the jail site resulting from the proposed expansion announcement.

The five sets of data utilized to conduct the Comparison of Means (Hypothesis) tests to ascertain whether the expansion announcement had an impact on industrial lease rates surrounding The James A. Musick facility were as follows:

- 1) The **Pre-Announcement** rates in the Subject area were compared with Pre-Announcement rates in the Comparable area.
- 2) The **Post-Announcement** rates in the Subject area were compared with Post-Announcement rates in the Comparable area.
- 3) The rates in the **Subject** area prior to the announcement were compared to the rates in the same area after the announcement.
- 4) The rates in the **Comparable** area prior to the announcement were compared to the rates in the same area after the announcement.
- 5) The **Asking Rates** in the Subject area were compared to the rates in the Comparable area.

The results of Test 1 and Test 2 indicate whether there is any difference **between** the Subject and the Comparable area as a result of the proposed expansion announcement. Tests 3 and Test 4 indicate whether any difference **within** each area was attributable to the announcement. Test 5 indicates whether there is a difference in **anticipated** rates between the Subject and Comparable area. By utilizing the hypothesis testing techniques from inferential statistics a conclusion can be reached as to whether there is a statistically significant difference between rates at varying distances from the

jail site (Tests 1 & 2), before and after the announcement of the proposed expansion (Tests 3 & 4), and anticipated values (Test 5).

Hypothesis testing accounts for the number of data points and their variance or standard deviation, within each group. To perform the test, two alternate hypotheses are constructed:

Hypothesis 0: The changes in rates for each group are equal.

Hypothesis 1: The changes in rates are larger than in the other.

Within a specified range of confidence, in this analysis 95 percent, one is able to conclude either Hypothesis 0 or Hypothesis 1. This is done by calculating a range of differences between the two means within which the difference is explained by the variances in the data. If the actual difference between the mean in the one area and the mean in the other area falls within this range, Hypothesis 0 is concluded. If the actual difference between the two means is above or below the calculated range of values, Hypothesis 1 is concluded. A critical factor in the degree of confidence in which inferential conclusions are conceived is based on the size of the sample data. A sample of thirty or more observations is accepted in statistical testing as a reliable number of data points yielding a higher degree of confidence. In some instances the data sets within the test groups are much smaller than this because the data is not available.

An additional test, using the T-statistic, computes a relationship between the actual observed difference between the means, and the Standard Error of Estimate, which is a measure of variance within the data. A T-statistic of between -2 and 2 indicates the difference between the means can be explained by variances within the data, and is therefore not a statistically significant difference. A T-Statistic less than -2 or greater than 2 signifies the difference in the means is greater than that which is explainable by the variances within the data, and is therefore statistically significant.

#### Results:

#### **TEST 1:**

The Pre-Announcement data is presented in Exhibit 6 of this report and the data is summarized as follows:

AREA	MEAN	STANDARD DEVIATION	# OF OBS.
Subject	\$0.58	\$0.12	20
Comparable	\$0.55	\$0.14	22

Comparing the Subject area with the Comparable area results in a Standard Error estimate of \$0.04. Using this to calculate an appropriate range of differences for this sample size, with 95 percent

confidence level, results in a lower limit of -\$0.08 and an upper limit of \$0.08. The actual difference between the means is -\$0.03, which is within the range of acceptable differences. Therefore Hypothesis 0 is concluded: There is no statistically significant difference between the two means.

The calculated T-Statistic is -0.74746. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference between values in the two areas. The results of the comparison between the Subject area and the Comparable area indicates no statistically significant difference.

**TEST 2:**

The Post-Announcement data is presented in Exhibit 7 and summarized as follows:

AREA	MEAN	STANDARD DEVIATION	# OF OBS.
Subject	\$0.62	\$0.10	5
Comparable	\$0.59	\$0.10	6

Comparing the Post-Announcement Subject area with the Post-Announcement Comparable area results in a Standard Error estimate of \$0.06. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$0.12 and an upper limit of \$0.12. The actual difference between the means is -\$0.03, which is within the range of acceptable differences. Therefore Hypothesis 0 is concluded: There is no statistically significant difference between the two means.

The calculated T-Statistic is -0.49543. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference. The results of the comparison between the Subject area and the Comparable area in the Pre and Post-Announcement periods indicate that the average leasing rates are actually higher in the areas closest to the jail site.

Hypothesis 0 is concluded: The Subject and Comparable area demonstrate no statistically significant difference between leasing rates after the announcement.

**TEST 3:**

The **Subject Area** data is presented in Exhibit 8 and summarized as follows:

PERIOD	MEAN	STANDARD DEVIATION	# OF OBS.
Pre-Announcement (1994/1995)	\$0.58	\$0.12	20
Post Announcement (1996)	\$0.62	\$0.10	5

Comparing the Pre-Announcement period with the Post-Announcement period results in a Standard Error estimate of \$0.05. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$0.10 and an upper limit of \$0.10. The actual difference between the means is \$0.04, which is within the range of acceptable differences.

The T-Statistic is 0.766965. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference between values in the Subject area.

Hypothesis 0 is concluded: There is no statistically significant difference between lease rates in the Subject area before and after the proposed expansion announcement.

**TEST 4:**

The **Comparable Area** data is presented in Exhibit 9 and summarized as follows:

PERIOD	MEAN	STANDARD DEVIATION	# OF OBS.
Pre-Announcement (1994/1995)	\$0.55	\$0.14	22
Post Announcement (1996)	\$0.59	\$0.10	6

Comparing the Pre-Announcement period with the Post-Announcement period results in a Standard Error estimate of \$0.05. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$0.10 and an upper limit of \$0.10. The actual difference between the means is \$0.04, which is within the range of acceptable differences.

The T-Statistic is 0.790944. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference between values in the Comparable area.

Hypothesis 0 is concluded: There is no statistically significant difference between lease rates in the Comparable area before and after the proposed expansion announcement.

**TEST 5:**

The Asking Rate data is presented in Exhibit 10 and summarized as follows:

AREA	MEAN	STANDARD DEVIATION	# OF OBS.
Subject	\$0.61	\$0.12	19
Comparable	\$0.58	\$0.13	21

Comparing the Subject area asking lease rates with the Comparable area asking lease rates results in a Standard Error estimate of \$0.04. Using this to calculate an appropriate range of differences for this sample size, with 95 percent confidence level, results in a lower limit of -\$0.08 and an upper limit of \$0.08. The actual difference between the means is -\$0.03, which is within the range of acceptable differences. Therefore Hypothesis 0 is concluded: There is no statistically significant difference between the two means.

The calculated T-Statistic is -0.75891. For the difference between the means to be statistically significant this value must fall below -2 or above +2. Therefore this measure also indicates no difference. The results of the comparison between the Subject area and the Comparable area indicate that asking leasing rates are also higher in the areas closest to the jail site.

Hypothesis 0 is concluded: The Subject and Comparable area demonstrate no statistically significant difference between rates.

**Conclusion:**

There appears to be no relationship between distance from the James A. Musick Jail and changes in leasing rates. The results of all the hypothesis testing indicate that the proposed expansion of the James A. Musick Jail as of April 23, 1996 have not impacted property values in the surrounding area, since the leasing rates closer to the Jail Site are actually higher for every identified time period relative to the leasing rates of industrial buildings located farther from the jail.



## COMPARISON OF MEANS

Exhibit 6

Exhibit 7

Exhibit 8

Exhibit 9

Exhibit 10

# EXHIBIT 7

## DIFFERENCE BETWEEN VALUES IN SUBJECT AND COMPARABLE AREA: 1996 POST-ANNOUNCEMENT

SUMMARY OF INDUSTRIAL DATA - 1996			
	SUBJECT COMPARABLE		
	MEAN	STD. DEV.	# OF OBS.
	\$0.62	\$0.59	5
	\$0.10	\$0.10	6

### HYPOTHESIS TESTING - 95% PROBABILITY

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

### COMPARE TWO AREAS

	SUBJECT COMPARABLE	MEAN		STD. DEV.	# OF OBS.	STANDARD ERROR		ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
		\$0.62	\$0.59			\$0.06	(\$0.12) -				
				\$0.10	5			\$0.12	(\$0.03)	-0.49543	NO DIFFERENCE
				\$0.10	6						

CONCLUSION: AN EXAMINATION OF INDUSTRIAL LEASING RATES IN 1996 REVEALS NO  
CORRELATION BETWEEN DISTANCE FROM THE JAIL SITE AND INDUSTRIAL VALUES

EXHIBIT 8

DIFFERENCE BETWEEN VALUES IN SUBJECT AREA: PRE AND POST ANNOUNCEMENT

SUMMARY OF INDUSTRIAL DATA - 1994/95 VS. 1996			
	1994/95	1996	
MEAN	\$0.58	\$0.62	
STD. DEV.	\$0.12	\$0.10	
# OF OBS.	20	5	

HYPOTHESIS TESTING - 95% PROBABILITY

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

COMPARE PERIODS		MEAN	STD. DEV.	# OF OBS.	STANDARD ERROR ACCEPTABLE RANGE		ACTUAL DIFFERENCE		T-STAT	CONCLUDE
YEAR										
1994/95		\$0.58	\$0.12	20						
1996		\$0.62	\$0.10	5	\$0.05	(\$0.10) -	\$0.10	\$0.04	0.766965	H0: NO DIFFERENCE

CONCLUSION: AN EXAMINATION OF INDUSTRIAL LEASING RATES IN THE PRIMARY AREA REVEALS  
NO STATISTICALLY SIGNIFICANT CHANGE IN INDUSTRIAL VALUES.

EXHIBIT 9

DIFFERENCE BETWEEN VALUES IN COMPARABLE AREA: PRE AND POST ANNOUNCEMENT

SUMMARY OF INDUSTRIAL DATA - 1994/95 VS. 1996

	1994/95	1996
MEAN	\$0.55	\$0.59
STD. DEV.	\$0.14	\$0.10
# OF OBS.	22	6

HYPOTHESIS TESTING - 95% PROBABILITY

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

COMPARE PERIODS

YEAR	1994/95	1996	MEAN	STD. DEV.	# OF OBS.	STANDARD ERROR	ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
			\$0.55	\$0.14	22					
			\$0.59	\$0.10	6	\$0.05	(\$0.10) -	\$0.10	\$0.04	0.790944 H0: NO DIFFERENCE

CONCLUSION: AN EXAMINATION OF INDUSTRIAL LEASING RATES IN THE SECONDARY AREA REVEALS  
NO STATISTICALLY SIGNIFICANT CHANGE IN INDUSTRIAL VALUES.

EXHIBIT 10

DIFFERENCE BETWEEN VALUES IN SUBJECT AND COMPARABLE AREAS  
ASKING LEASE RATES

SUMMARY OF INDUSTRIAL DATA - ASKING RATES

SUBJECT COMPARABLE			
MEAN	\$0.61	\$0.58	
STD. DEV.	\$0.12	\$0.13	
# OF OBS.	19	21	

HYPOTHESIS TESTING - 95% PROBABILITY

HYPOTHESIS 0: THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE BETWEEN VALUES WITHIN THE TWO AREAS COMPARED  
HYPOTHESIS 1: THE TWO AREAS HAVE STATISTICALLY SIGNIFICANT VALUES.

CONCLUDE HYPOTHESIS 0 IF THE DIFFERENCE BETWEEN THE TWO MEANS FALLS WITHIN THE CALCULATED RANGE OF VALUES.  
CONCLUDE HYPOTHESIS 1 IF THE DIFFERENCE BETWEEN THE TWO MEANS DOES NOT FALL WITHIN THE CALCULATED RANGE OF VALUES.

COMPARE TWO AREAS

	MEAN	STD. DEV.	# OF OBS.	STANDARD ERROR	ACCEPTABLE RANGE	ACTUAL DIFFERENCE	T-STAT	CONCLUDE
SUBJECT	\$0.61	\$0.12	19					
COMPARABLE	\$0.58	\$0.13	21	\$0.04	(\$0.08) -	\$0.08	(\$0.03)	-0.75891 H0: NO DIFFERENCE

CONCLUSION: AN EXAMINATION OF INDUSTRIAL ASKING LEASE RATES REVEALS NO  
CORRELATION BETWEEN DISTANCE FROM THE JAIL SITE AND INDUSTRIAL VALUES.

## BROKER/AGENT COMMENTS AND ATTITUDES

In order to gauge the reactions and biases of industrial tenants within the study area, a brief opinion survey was conducted in conjunction with the industrial survey. This was done to determine subjective community impressions of the James A. Musick Jail with respect to industrial activity in the area. Brokers, leasing agents or property managers were contacted regarding properties within the 1-mile radius that defines the Subject area. The results of the survey are detailed below, and clearly indicate that there are mixed reactions to the proposed expansion announcement of the James A. Musick Jail. Even the reactions from leasing agents who felt the announcement adversely affected the area could not quantify a measurable impact in leasing rates.

### Cushman & Wakefield

### Contact

40 Parker

Bob Griffith

This is a 70,205 square foot building classified as a light manufacturing building with approximately 10,000 square feet of warehouse space. The building was vacant for a year. Lease negotiations commenced in the April time period and concluded in June. Mr. Griffith did not believe the proposed jail expansion had any impact on the lease negotiations nor on the leasing rate.

### Irvine Co.

### Contact

Parker Technology Center - 35 Parker

Property Assistant

Tripoint Center - 20 Fairbanks

- 30 Fairbanks

- 13700 Alton Parkway

- 13766 Alton Parkway

- 13844 Alton Parkway

- 13900 Alton Parkway

They did not feel prospective tenants were aware of the proposed jail expansion.

### Alton Business Center

### Contact

Corner of Alton Parkway & Irvine Blvd.

Jan-Erik Paem

This is a multi-tenant industrial building with 143,000 square feet of space. The business center has been fully leased since March. The leasing agent did not believe the jail or proposed expansion had deterred any tenants. Mr. Paem does not believe his tenants are aware of the proposed expansion.

Seely Co.

Contact

Hammond Business Park

Michael Hartel

This is a 43,000 square foot warehouse facility. It is occupied by the owner of the building. Mr. Hartel believed the owner was unaware of any proposed expansion at the James A. Musick facility. Mr. Hartel was also unaware of the proposed expansion.

NW Mutual Life

Contact

15 Hammond

Property Manager - Gayla

17 Hammond

" " " "

19 Hammond

" " " "

33 Hammond

" " " "

50 Parker

" " " "

40 Parker

" " " "

The property management company holds monthly tenant meetings for this multi-tenant industrial park of 108,154 square feet. The management was unaware of the jail expansion until one of the tenant's informed the other tenants and the property management group of the James A. Musick jail expansion at last month's meeting. The overall reaction was of little concern. The property manager said the jail expansion did not bother her in the least, she felt it provided extra security to the area.

CB Commercial

Contact

53 Parker

Steve Eberle

This is an industrial building for sale. The listing agent, Mr. Eberle had strong negative opinions with respect to the proposed jail expansion and believed that prospective buyers were hesitant to make offers on this building and that the jail expansion was definitely a detriment to the marketing of this building. The asking price for sale of the building is \$75 per square foot. Mr. Eberle did however admit that he had not observed any reduction in lease rates or sale prices relative to the location of the buildings within close proximity to the jail site.

Grubb & Ellis

Contact

Gary Allen

Mr. Allen works the Irvine Spectrum industrial market area. He indicated that he did not believe that the James A. Musick expansion negatively impacted the asking rates of the industrial buildings in the Irvine area. He did mention however that a government agency he had been working with had rejected office space located within the Pacific Commerce Center. The reason the government agency cited was concern over employee safety due to the expansion of the jail.



## CONCLUSION

In conclusion, there is no evidence to indicate that the expansion of the James A. Musick Jail impacts surrounding property values. The analysis of residential values in all four statistical tests conducted to determine if there existed any significant difference between the Subject area, the properties closest to the James A. Musick jail site, and the Comparable areas, residential properties farther from the jail site, produced results indicating no statistical significance in both the pre and post announcement period. There appears to be no relationship between distance from the jail site and changes in property values. The results of the statistical testing clearly indicated that the announcement of the proposed expansion and change in operational status have not significantly impacted the properties within close proximity to the jail site.

The analysis of residential values shows that residential property values closer to the Site are not significantly different from property values further from the Site. In reality, the residential values of the homes closest to the jail were actually higher than property values farther from the jail site. In the Pre-Announcement period the average sale price per square foot in the Subject area was \$114.55 compared to \$108.69 per square foot and \$110.08 per square foot in the two Comparable areas. In the Post-Announcement period the average sale price per square foot in the Subject area rose to \$115.99 which was a 1.26 percent increase in sale prices on a price per square foot basis.

The analysis of industrial values clearly indicates that the announcement of the proposed expansion has also not significantly impacted surrounding property values relative to industrial properties further from the Site. The analysis of the lease rate data also demonstrated higher historical rates, current rates and asking rates in the Subject area relative to the rates in the Comparable area. Distance from the Site was shown to have no observable impact on industrial lease rates. A survey of broker/agent attitudes confirms this conclusion.

It is our belief that perception and emotion are the underlying causes of concern regarding property value impacts. We observed the same outcome in a similar statistical property value impact analysis conducted for the Theo Lacy Jail expansion in 1994. We found no significant statistical difference in property values in that study either. Therefore, we believe there is no impact to property values based on previous jail studies and our inability to show any statistical or economic trend correlation to support the negative impact theory.

ADDENDA

ITEM A

SUMMARY SHEETS OF RESIDENTIAL SURVEY

<b>PRIMARY AREA LAKE FOREST PRE-ANNOUNCEMENT : 5/01/95-4/23/96</b>						
<b>PARCEL #</b>	<b>SALE DATE</b>	<b>ADDRESS</b>	<b>ZIP</b>	<b>SALE AMOUNT</b>	<b>SQ. FT.</b>	<b>\$ / SQ. FT.</b>
613-642-14	5/15/95	26024 Donegal Lane	92630	\$198,000	1,609	\$123.06
613-644-14	3/22/96	26021 Donegal Lane	92630	\$190,000	1,609	\$118.09
613-642-08	9/8/95	26072 Donegal Lane	92630	\$196,000	1,606	\$122.04
613-644-06	11/10/95	21542 Kinsale Drive	92630	\$189,000	1,609	\$117.46
613-643-10	7/25/95	26075 Donegal Lane	92630	\$188,000	1,416	\$132.77
610-121-27	10/6/95	25721 Orchard Rim Lane	92630	\$214,000	2,081	\$102.84
610-121-25	9/28/95	25701 Orchard Rim Lane	92630	\$217,000	1,788	\$121.36
613-654-04	4/8/96	21471 Kirkwall Lane	92630	\$184,500	1,386	\$133.12
613-642-22	11/2/95	25971 Donegal Lane	92630	\$196,000	1,805	\$108.59
613-653-07	6/2/95	25996 Dundee Drive	92630	\$168,000	1,222	\$137.48
613-641-05	8/31/95	25991 Galway Drive	92630	\$180,000	1,416	\$127.12
610-171-21	2/8/96	25346 Elderwood Lake	92630	\$216,000	1,773	\$121.83
613-663-40	10/19/95	26122 Connemara Court	92630	\$183,000	1,281	\$142.86
613-654-02	12/7/95	21462 Falkirk Lane	92630	\$184,000	1,419	\$129.67
613-663-54	3/4/96	26102 Dundee Drive	92630	\$202,500	1,567	\$129.23
610-121-23	12/28/95	25681 Orchard Rim Lane	92630	\$208,000	1,788	\$116.33
610-121-34	10/31/95	25672 Orchard Rim Lane	92630	\$215,000	2,081	\$103.32
610-181-02	9/29/95	21372 Aspenwood	92630	\$284,000	2,627	\$108.11
610-173-09	12/13/95	25501 Elderwood	92630	\$240,000	2,150	\$111.63
610-092-05	5/16/95	21372 Avenida Manantial	92630	\$295,000	3,123	\$94.46
610-093-02	7/27/95	24992 Paseo Arboleda	92630	\$220,000	1,946	\$113.05
613-671-30	11/27/95	21331 McIntosh Lane	92630	\$190,000	1,389	\$136.79
613-672-13	8/31/95	26032 Dunbar Drive	92630	\$181,000	1,389	\$130.31
613-672-02	4/4/96	21396 Stonehaven Lane	92630	\$186,000	1,279	\$145.43
613-672-05	7/7/95	21372 Stonehaven Lane	92630	\$180,500	1,389	\$129.95
613-681-03	10/27/95	21191 Skylark Drive	92630	\$188,000	1,484	\$126.68
613-682-22	3/22/96	26172 Parrot Court	92630	\$187,500	1,484	\$126.35
613-683-02	6/30/95	26161 Vintage Woods	92630	\$196,000	1,662	\$117.93
610-181-13	11/22/95	21325 Autumnwood	92630	\$225,000	2,147	\$104.80
610-083-06	7/28/95	25172 Calle Pradera	92630	\$332,500	3,249	\$102.34

610-081-03	4/8/96	21231 Calle Sendero	92630	\$279,000	3,124	\$89.31
610-053-05	3/21/96	25041 Calle Madera	92630	\$291,500	3,250	\$89.69
610-053-03	1/22/96	25021 Calle Madera	92630	\$315,000	3,244	\$97.10
610-074-07	9/15/95	21312 Calle Bolsa	92630	\$285,000	2,713	\$105.05
610-071-02	8/11/95	21281 Calle Recreo	92630	\$235,000	1,989	\$118.15
610-071-06	1/12/96	21302 Calle Recreo	92630	\$281,000	3,250	\$86.46
610-182-17	9/15/95	21266 Valewood	92630	\$236,000	2,146	\$109.97
610-183-04	6/28/95	25562 Fallenwood	92630	\$270,000	2,624	\$102.90
610-051-24	3/27/96	25061 Calle Arenal	92630	\$275,000	3,249	\$84.64
610-022-04	3/29/96	24792 Paseo Vendaval	92630	\$229,000	1,676	\$136.63
610-021-22	1/11/96	24861 Paseo Vendaval	92630	\$237,500	1,991	\$119.29
610-014-08	11/22/95	24676 Paseo Vendaval	92630	\$295,000	3,248	\$90.83
610-014-06	7/26/95	24662 Paseo Vendaval	92630	\$218,000	1,507	\$144.66
610-082-02	8/23/95	25132 Paseo Equestre	92630	\$275,000	2,714	\$101.33
610-084-02	5/31/95	25141 Paseo Equestre	92630	\$315,000	3,249	\$96.95
610-041-09	10/18/95	24962 Calle Vecindad	92630	\$218,500	2,502	\$87.33
610-041-09	3/29/96	24962 Calle Vecindad	92630	\$258,500	2,502	\$103.32
610-041-15	10/31/95	24931 Avenida Libre	92630	\$251,500	2,502	\$100.52
610-041-17	12/27/95	24911 Avenida Libre	92630	\$216,000	1,808	\$119.47
610-021-03	9/29/95	24862 Avenida Libre	92630	\$240,000	2,355	\$101.91
610-043-36	11/9/95	21091 Avenida Floresta	92630	\$239,000	2,502	\$95.52
610-043-25	2/15/96	21051 Avenida Albercon	92630	\$235,000	1,987	\$118.27
610-042-09	7/25/95	24992 Paseo Equestre	92630	\$235,000	1,987	\$118.27
610-041-06	3/15/96	24932 Calle Vecindad	92630	\$217,000	2,050	\$105.85
610-041-02	4/8/96	24902 Calle Vecindad	92630	\$255,000	2,355	\$108.28
610-111-07	1/30/96	21001 Avenida Amapola	92630	\$295,000	2,502	\$117.91
610-111-11	3/12/96	25111 Paseo Cipres	92630	\$233,000	2,050	\$113.66
610-112-02	3/29/96	25112 Paseo Cipres	92630	\$197,000	1,507	\$130.72
610-111-12	1/29/96	25101 Paseo Cipres	92630	\$229,500	2,262	\$101.46
610-034-18	3/29/96	24951 Avenida Bancal	92630	\$269,000	2,090	\$128.71
610-032-09	7/25/95	20931 Calle Celeste	92630	\$209,000	1,507	\$138.69
610-141-11	9/6/95	21081 Sharmila	92630	\$175,000	1,662	\$105.29
610-141-05	11/14/95	21031 Sharmila	92630	\$195,000	1,658	\$117.61
610-141-09	12/18/95	21065 Sharmila	92630	\$180,000	1,453	\$123.88
610-102-14	8/25/95	20941 Avenida Amapola	92630	\$309,000	2,979	\$103.73

	610-102-40	8/24/95	25111 Calle Alondra	92630	\$250,500	2,502	\$100.12
	610-063-01	5/15/95	24952 Paseo Cipres	92630	\$241,000	2,050	\$117.56
	610-241-04	6/29/95	25305 New Haven	92630	\$170,000	1,504	\$113.03
	610-061-07	4/16/96	20902 Paseo Pino	92630	\$203,000	1,507	\$134.70
	610-241-23	2/29/96	21011 Providence	92630	\$182,000	1,733	\$105.02
			MEAN				\$114.55
			STANDARD DEVIATION				\$15.25
			COUNT				70
			VARIANCE				\$232.63

SECONDARY AREA LAKE FOREST PRE-ANNOUNCEMENT : 5/01/95-4/23/96						
PARCEL #	SALE DATE	ADDRESS	ZIP	SALE AMOUNT	SQ. FT.	\$ / SQ. FT.
614-131-32	1/4/96	22011 Lakeland Avenue	92630	\$117,000	1,164	\$100.52
614-131-15	10/27/95	21975 Lakeland Avenue	92630	\$119,000	1,608	\$74.00
614-195-49	7/31/95	24672 Toledo Lane	92630	\$217,500	2,069	\$105.12
614-581-05	12/11/95	24231 Angela Street	92630	\$180,000	1,677	\$107.33
614-482-16	8/24/95	25042 Mammoth Circle	92630	\$260,000	2,858	\$90.97
614-483-19	10/27/95	25001 Mammoth Circle	92630	\$280,000	3,143	\$89.09
614-194-50	5/30/95	21881 Winnebago Lane	92630	\$270,000	2,208	\$122.28
614-592-03	4/10/96	24126 Angela Street	92630	\$240,000	2,884	\$83.22
614-595-10	3/8/96	21931 Annette Avenue	92630	\$215,000	2,312	\$92.99
614-501-01	2/16/96	22113 Pheasant Street	92630	\$203,000	1,821	\$111.48
614-501-08	1/11/96	22135 Pheasant Street	92630	\$260,000	2,444	\$106.38
614-502-09	2/15/96	22122 Wren Way	92630	\$207,500	2,226	\$93.22
614-512-38	10/31/95	24302 Partridge Circle	92630	\$232,000	2,444	\$94.93
614-501-48	4/19/96	22241 Crane Street	92630	\$222,000	2,684	\$82.71
614-512-03	6/14/95	22103 Pheasant Street	92630	\$225,000	2,226	\$101.08
614-512-31	7/24/95	24322 Cardinal Place	92630	\$232,500	2,444	\$95.13
614-522-14	5/25/95	24462 Peacock Street	92630	\$240,000	2,444	\$98.20
614-582-10	11/20/95	22032 Mae Circle	92630	\$235,000	2,751	\$85.42
614-583-25	5/30/95	24156 Kathy Avenue	92630	\$222,500	2,751	\$80.88
614-583-38	12/15/95	24112 Cindy Lane	92630	\$196,000	1,677	\$116.88
614-592-24	3/27/96	24111 Kathy Avenue	92630	\$220,000	2,312	\$95.16
614-483-31	4/5/96	25121 Mammoth Circle	92630	\$280,000	2,546	\$109.98
614-481-24	12/15/96	25051 Shaver Lake Circle	92630	\$235,000	2,722	\$86.33
614-483-10	8/3/95	25052 Shaver Lake Circle	92630	\$257,509	2,861	\$90.01
614-483-12	7/26/95	25032 Shaver Lake Circle	92630	\$253,000	2,857	\$88.55
614-301-24	8/11/95	24876 Oak Creek Lane	92630	\$220,000	1,844	\$119.31
614-301-23	11/10/95	24872 Oak Creek Lane	92630	\$170,000	1,560	\$108.97
614-301-62	12/21/95	21832 Eveningside Lane	92630	\$196,500	1,684	\$116.69
614-211-38	12/29/95	24762 Sunset Lane	92630	\$212,000	1,844	\$114.97
614-211-44	6/2/95	24716 Sunset Lane	92630	\$220,000	1,844	\$119.31

614-173-10	7/17/95	21814 Lake Vista Drive	92630	\$132,000	1,672	\$78.95
614-194-42	7/10/95	21798 Ticonderoga Lane	92630	\$205,000	2,364	\$86.72
614-198-21	11/30/95	21795 Michigan Lane	92630	\$247,000	1,712	\$144.28
614-198-12	10/13/95	21841 Michigan Lane	92630	\$250,000	2,040	\$122.55
614-198-38	3/1/96	21836 Michigan Lane	92630	\$300,000	2,216	\$135.38
614-492-12	5/17/95	21791 Eagle Lake Circle	92630	\$254,000	2,722	\$93.31
614-492-17	7/20/95	21822 Bass Lake Circle	92630	\$255,000	2,861	\$89.13
614-492-24	9/15/95	21801 Bass Lake Circle	92630	\$199,000	1,600	\$124.38
614-481-15	4/16/96	25085 Owens Lake Circle	92630	\$252,000	2,861	\$88.08
614-471-16	5/8/95	25067 Owens Lake Circle	92630	\$268,000	2,546	\$105.26
614-472-30	8/25/95	24972 Crystal Circle	92630	\$288,000	3,053	\$94.33
614-472-32	8/29/95	24962 Crystal Circle	92630	\$255,000	2,546	\$100.16
614-441-03	1/23/96	24771 Greentree Lane	92630	\$187,000	1,560	\$119.87
614-172-02	8/22/95	21799 Lake Vista Drive	92630	\$114,000	1,490	\$76.51
614-173-05	5/10/95	21788 Lake Vista Drive	92630	\$122,500	1,462	\$83.79
614-173-07	10/26/95	21784 Lake Vista Drive	92630	\$129,000	1,524	\$84.65
614-171-26	6/13/95	21723 Lake Vista Drive	92630	\$120,500	1,392	\$86.57
614-174-05	2/23/96	21704 Lake Vista Drive	92630	\$118,500	1,524	\$77.76
614-191-34	7/7/95	24172 Okeechobee Lane	92630	\$172,000	1,392	\$123.56
614-472-49	8/28/95	25032 Owens Lake Circle	92630	\$288,000	3,053	\$94.33
614-471-04	8/14/95	24971 Owens Lake Circle	92630	\$252,000	2,861	\$88.08
614-198-62	5/26/95	24271 Ontario Lane	92630	\$259,500	1,589	\$163.31
614-198-58	3/26/96	24256 Ontario Lane	92630	\$232,000	1,392	\$166.67
614-191-56	9/29/95	24232 Ontario Lane	92630	\$180,000	1,392	\$129.31
614-192-21	12/6/95	24305 Ponchartrain Lane	92630	\$229,000	1,356	\$168.88
614-192-29	8/29/95	24261 Ponchartrain Lane	92630	\$177,000	1,392	\$127.16
614-192-31	3/29/96	24251 Ponchartrain Lane	92630	\$165,000	1,392	\$118.53
614-195-32	7/27/95	21982 Yellowstone Lane	92630	\$345,000	2,069	\$166.75
614-196-57	6/5/95	22038 Arrowhead Lane	92630	\$338,000	2,524	\$133.91
614-196-59	5/23/95	22034 Arrowhead Lane	92630	\$355,000	2,492	\$142.46
614-197-39	5/17/95	21921 Erie Lane	92630	\$346,000	2,248	\$153.91
614-197-32	3/27/96	21909 Erie Lane	92630	\$339,500	1,508	\$225.13
614-571-20	11/3/95	21612 Rio Verde Lake	92630	\$236,000	2,474	\$95.39
614-571-09	4/10/96	25231 Calle Busca	92630	\$185,000	1,585	\$116.72
614-571-50	3/1/96	21582 Via Lobo	92630	\$248,000	2,236	\$110.91



Sheet2

	614-371-42	7/10/95	21562 Calle Otono	92630	\$244,000	2,289	\$106.60	
	614-371-18	8/1/95	21521 Sitio Verano	92630	\$240,000	2,474	\$97.01	
	614-371-27	11/22/95	21552 Sitio Verano	92630	\$280,000	2,609	\$107.32	
	614-353-30	9/18/95	21551 Camino Papal	92630	\$210,000	2,236	\$93.92	
	614-353-36	4/1/96	24841 Via Del Rio	92630	\$240,000	2,474	\$97.01	
	614-361-82	8/30/95	24752 Via Del Rio	92630	\$240,000	2,474	\$97.01	
	614-361-81	12/29/95	24746 Via Del Rio	92630	\$195,500	1,585	\$123.34	
	614-361-43	9/29/95	21571 Via Del Angel	92630	\$227,000	2,289	\$99.17	
	614-361-21	8/31/95	21551 Via Serpiente	92630	\$239,000	2,124	\$112.52	
	614-361-37	9/13/95	21526 Via Serpiente	92630	\$216,500	1,892	\$114.43	
	614-361-08	10/5/95	21495 Via Sombreada	92630	\$218,000	1,892	\$115.22	
	614-361-06	7/28/95	21505 Via Sombreada	92630	\$237,000	2,124	\$111.58	
	614-331-84	4/10/96	21481 Camino Trebol	92630	\$255,000	2,672	\$95.43	
	614-331-89	7/13/95	21486 Camino Trebol	92630	\$265,000	2,105	\$125.89	
	614-331-52	6/23/95	21441 Via Floresta	92630	\$214,000	1,646	\$130.01	
	614-331-55	12/5/95	21442 Via Floresta	92630	\$255,000	2,672	\$95.43	
	614-331-91	2/29/96	24422 Via Del Rio	92630	\$247,000	2,124	\$116.29	
	614-341-29	5/12/95	21495 Camino Papal	92630	\$255,000	2,474	\$103.07	
	614-371-02	7/27/95	21492 Camino Papal	92630	\$255,000	2,474	\$103.07	
	614-353-24	3/29/96	24872 Camino Villa	92630	\$250,000	2,474	\$101.05	
	614-352-17	6/23/95	24821 Camino Villa	92630	\$260,000	2,290	\$113.54	
	614-361-27	9/20/95	24652 Via Tonada	92630	\$200,000	1,585	\$126.18	
	614-321-29	6/9/95	24621 Via Tonada	92630	\$241,000	2,609	\$92.37	
	614-311-34	3/12/96	24595 Via Tequila	92630	\$240,000	2,124	\$112.99	
	614-331-26	4/1/96	21396 Via Viajante	92630	\$219,000	1,892	\$115.75	
	614-331-07	3/7/96	24406 Calle Torcido	92630	\$205,000	2,105	\$97.39	
	614-311-17	2/23/96	24658 Via Raza	92630	\$201,000	1,892	\$106.24	
	614-311-72	12/18/95	24495 Via Tequila	92630	\$193,000	1,892	\$102.01	
	614-321-04	6/23/95	24451 Via Secreto	92630	\$240,500	2,236	\$107.56	
			MEAN				\$108.69	
			STANDARD DEVIATION				\$23.75	
			COUNT				94	
			VARIANCE				\$563.95	

PRIMARY AREA LAKE FOREST POST-ANNOUNCEMENT : 4/24/96-7/24/96						
PARCEL #	SALE DATE	ADDRESS	ZIP	SALE AMOUNT	SQ. FT.	\$ / SQ. FT.
610-011-06	7/2/96	21051 Paseo Verdura	92630	\$238,000	2,050	\$116.10
610-012-05	7/10/96	21051 Paseo Vereda	92630	\$276,000	2,814	\$98.08
610-012-10	5/16/96	24631 Paseo Vendaval	92630	\$265,000	2,569	\$103.15
610-041-14	4/24/96	24941 Avenida Libre	92630	\$285,000	2,814	\$101.28
610-051-30	4/30/96	25022 Calle Arenal	92630	\$258,000	3,126	\$82.53
610-082-17	4/30/96	21212 Calle Sendero	92630	\$280,000	3,123	\$89.66
610-093-07	6/7/96	25042 Paseo Arboleda	92630	\$272,000	2,714	\$100.22
610-093-25	4/24/96	21352 Calle Sendero	92630	\$252,000	1,946	\$129.50
610-102-24	5/31/96	25071 Paseo Cipres	92630	\$245,000	2,262	\$108.31
610-121-11	5/6/96	25581 Orchard Rim Lane	92630	\$217,000	1,788	\$121.36
610-251-14	5/20/96	21056 Champlain	92630	\$191,000	1,733	\$110.21
613-641-12	6/20/96	26051 Galway Drive	92630	\$189,000	1,419	\$133.19
613-643-03	5/21/96	26032 Galway Drive	92630	\$188,500	1,423	\$132.47
613-651-11	5/21/96	25981 McKenna Court	92630	\$195,000	1,419	\$137.42
613-654-10	4/25/96	21431 Kirkwall Lane	92630	\$186,500	1,384	\$134.75
613-663-24	4/29/96	26152 Emyvale Court	92630	\$185,000	1,391	\$133.00
613-671-21	4/25/96	26011 Dunbar Drive	92630	\$208,000	1,564	\$132.99
613-673-04	5/16/96	21392 McIntosh Lane	92630	\$183,500	1,279	\$143.47
613-681-10	7/9/96	21151 Skylark Drive	92630	\$190,000	1,662	\$114.32
613-681-25	4/29/96	21021 Skylark Drive	92630	\$217,000	1,662	\$130.57
610-011-06	7/2/96	21051 Paseo Verdura	92630	\$238,000	2,050	\$116.10
610-082-11	7/19/96	25171 Calle Del Lago	92630	\$305,500	3,249	\$94.03
610-092-02	7/18/96	21342 Avenida Manantial	92630	\$270,000	2,570	\$105.06
		MEAN				\$115.99
		STANDARD DEVIATION				\$17.32
		COUNT				23
		VARIANCE				\$299.83

SECONDARY AREA LAKE FOREST POST-ANNOUNCEMENT : 4/24/96-7/24/96						
PARCEL #	SALE DATE	ADDRESS	ZIP	SALE AMOUNT	SQ. FT.	\$ / SQ. FT.
614-311-37	6/27/96	24621 Via Tequila	92630	\$217,500	1,892	\$114.96
614-311-42	6/28/96	24672 Via Tequila	92630	\$252,000	2,672	\$94.31
614-311-77	4/30/96	24535 Via Tequila	92630	\$223,000	1,892	\$117.86
614-321-03	5/24/96	24453 Via Secreto	92630	\$285,000	2,474	\$115.20
614-321-07	5/16/96	24456 Via Secreto	92630	\$230,000	2,607	\$88.22
614-321-08	5/14/96	24462 Via Secreto	92630	\$230,000	2,607	\$88.22
614-341-01	6/7/96	24745 Via Princesa	92630	\$237,000	2,290	\$103.49
614-341-06	7/3/96	24711 Via Princesa	92630	\$240,000	2,241	\$107.10
614-191-41	5/1/96	24215 Okeechobee Lane	92630	\$204,000	1,356	\$150.44
614-595-02	6/19/96	24111 Angela Street	92630	\$285,000	2,751	\$103.60
614-511-06	6/28/96	22061 Robin Street	92630	\$206,000	1,808	\$113.94
614-583-08	5/6/96	22012 Heidi Avenue	92630	\$253,000	2,751	\$91.97
614-171-02	5/9/96	21771 Lake Vista Drive	92630	\$122,000	1,608	\$75.87
614-192-58	5/23/96	21695 Superior Lane	92630	\$245,000	1,850	\$132.43
614-193-58	6/14/96	21796 Tahoe Lane	92630	\$285,000	2,448	\$116.42
614-193-69	7/9/96	21762 Tahoe Lane	92630	\$275,000	1,812	\$151.77
614-197-08	4/29/96	21875 Huron Lane	92630	\$378,000	2,248	\$168.15
614-198-56	6/26/96	24266 Ontario Lane	92630	\$216,000	1,712	\$126.17
614-331-36	6/7/96	21445 Calle De Oro	92630	\$234,000	2,105	\$111.16
614-331-73	4/26/96	24576 Via Del Rio	92630	\$215,000	1,828	\$117.61
614-163-02	5/1/96	22325 Vista Verde Drive	92630	\$112,000	1,576	\$71.07
614-163-38	4/30/96	22235 Vista Verde Drive	92630	\$92,000	1,414	\$65.06
614-195-23	6/21/96	21945 Yellowstone Lane	92630	\$320,000	2,426	\$131.90
614-196-23	6/27/96	21972 Cayuga Lane	92630	\$350,000	2,194	\$159.53
614-196-25	7/3/96	21966 Cayuga Lane	92630	\$292,500	2,495	\$117.23
614-197-38	5/10/96	21917 Erie Lane	92630	\$384,000	1,569	\$244.74
614-512-05	6/14/96	22095 Pheasant Street	92630	\$225,000	2,444	\$92.06
614-301-52	6/7/96	21832 Quiet Oak Drive	92630	\$203,000	1,844	\$110.09
614-361-35	6/28/96	21516 Via Serpiente	92630	\$232,000	2,124	\$109.23
614-361-47	4/26/96	21545 Via Del Angel	92630	\$247,000	2,474	\$99.84

614-361-60	7/10/96	24765 Via Del Rio	92630	\$239,000	2,236	\$106.89	
614-371-23	7/9/96	21516 Sitio Verano	92630	\$232,500	2,244	\$103.61	
614-391-38	6/14/96	22011 Tanbark Lane	92630	\$239,000	2,214	\$107.95	
614-472-47	6/14/96	25052 Owens Lake Circle	92630	\$250,000	2,890	\$86.51	
614-483-07	5/17/96	25076 Shaver Lake	92630	\$252,500	2,861	\$88.26	
614-493-01	7/2/96	25231 Mammoth Circle	92630	\$264,000	1,948	\$135.52	
614-571-67	7/2/96	25156 Calle Busca	92630	\$244,000	2,474	\$98.63	
		MEAN				\$113.97	
		STANDARD DEVIATION				\$32.02	
		SUM				37	
		VAR				\$1,025.25	

SECONDARY AREA LAKE FOREST/ EL TORO PRE-ANNOUNCEMENT: 5/95-4/23/96						
PARCEL#	SALE DATE	ADDRESS	ZIP	SALE AMOUNT	SQ. FT.	\$ / SQ. FT.
614-072-11	6/21/95	25231 Romero Place		\$185,000	1,248	\$148.24
614-111-28	8/24/95	24881 Winterwood Drive		\$259,000	2,611	\$99.20
614-112-45	10/5/95	22504 Woodcrest Circle		\$195,000	1,731	\$112.65
614-121-41	12/15/95	24752 Glenwood Drive		\$280,000	2,492	\$112.36
614-121-53	6/30/95	24761 Glenwood Drive		\$225,000	1,955	\$115.09
614-141-20	3/26/96	22211 Eucalyptus Lane		\$349,000	3,346	\$104.30
614-141-29	5/24/95	22246 Eucalyptus Lane		\$290,500	1,914	\$151.78
614-142-03	10/4/95	24791 Rochelle Lane		\$225,500	3,146	\$71.68
614-142-11	12/15/95	24745 Scott Lane		\$232,000	3,053	\$75.99
614-381-12	10/4/95	24912 Timberwood Way		\$240,000	2,912	\$82.42
614-381-17	4/19/96	24891 Canyon Rim Place		\$220,000	1,908	\$115.30
614-381-27	12/21/95	22152 Windward Way		\$255,500	2,912	\$87.74
614-391-07	3/15/96	24972 Heartwood Circle		\$265,500	2,540	\$104.53
614-421-40	7/21/95	25141 Cineria Way		\$292,500	2,540	\$115.16
614-531-29	2/2/96	22351 Fallen Leaf Road		\$240,000	2,253	\$106.52
614-531-33	11/17/95	24942 Dove Tree Lane		\$240,000	2,253	\$106.52
614-531-49	8/24/95	25051 Woodridge		\$273,000	2,032	\$134.35
614-541-07	8/4/95	24982 Ravenswood		\$319,000	2,777	\$114.87
614-541-49	9/1/95	24942 Singingwood		\$210,000	1,966	\$106.82
614-551-11	5/23/95	25101 Carolwood		\$280,000	2,467	\$113.50
614-551-22	4/4/96	25012 Castlewood		\$215,000	1,966	\$109.36
614-551-42	11/2/95	22462 Hummingbird Lane		\$216,000	1,966	\$109.87
614-041-02	2/16/96	22806 Rumble Drive		\$215,000	1,738	\$123.71
614-041-08	7/20/95	25051 Rudolph Circle		\$203,000	1,839	\$110.39
614-043-02	7/12/95	25151 Miles Avenue		\$190,000	1,575	\$120.63
614-062-20	4/3/96	25222 Pizarro Road		\$181,000	1,496	\$120.99
614-064-01	7/13/95	25241 Vista Fusco		\$156,000	1,104	\$141.30
614-074-17	8/25/95	25192 Tia Court		\$185,000	1,248	\$148.24
614-075-03	8/28/95	25211 Vista Fusco		\$190,000	1,448	\$131.22
614-082-11	12/22/95	24981 Rivendell Drive		\$195,000	1,909	\$102.15

614-092-16	12/11/95	25212 Clemens Lane		\$100,000	1,180	\$84.75
614-092-21	9/29/95	25226 Clemens Lane		\$99,000	1,180	\$83.90
614-112-56	9/15/95	22566 Charwood Circle		\$195,000	2,001	\$97.45
614-602-01	4/8/96	22632 Wood Shadow Lane		\$233,000	3,030	\$76.90
614-602-05	2/16/96	22612 Wood Shadow Lane		\$250,000	2,794	\$89.48
614-202-71	7/28/95	22552 Claude Circle		\$182,000	1,471	\$123.73
614-231-03	8/9/95	22475 Goldrush		\$170,000	1,249	\$136.11
614-231-03	10/12/95	22475 Goldrush		\$171,500	1,249	\$137.31
614-231-32	3/1/96	22476 Goldrush		\$180,000	1,471	\$122.37
614-241-60	7/14/95	22436 Silver Spur		\$175,000	1,471	\$118.97
614-241-63	11/30/95	25602 Silver Dollar		\$178,000	1,400	\$127.14
614-242-23	10/19/95	25615 Willow Bend		\$220,000	2,130	\$103.29
614-242-28	7/31/95	25585 Willow Bend		\$265,000	2,130	\$124.41
614-262-48	9/29/95	22121 Comanche Road		\$225,000	2,270	\$99.12
614-271-24	4/19/96	25442 Cherokee Way		\$215,000	2,560	\$83.98
614-281-10	1/5/96	25436 Sawmill Lane		\$220,000	2,851	\$77.17
614-281-22	12/14/95	22231 Lantern Lane		\$208,500	2,341	\$89.06
614-281-34	3/29/96	22311 Chestnut Lane		\$210,000	1,891	\$111.05
614-281-40	8/9/95	22275 Chestnut Lane		\$250,000	2,851	\$87.69
614-281-52	11/30/95	22312 Chestnut Lane		\$210,000	1,891	\$111.05
614-281-63	2/7/96	22306 Blueberry Lane		\$260,000	2,851	\$91.20
614-282-09	1/22/96	25582 Hazelnut Lane		\$220,000	2,140	\$102.80
614-283-32	12/6/95	25542 Loganberry Lane		\$231,500	2,421	\$95.62
614-283-34	7/31/95	25522 Loganberry Lane		\$223,500	2,388	\$93.59
614-401-30	2/23/96	25171 Fall Creek Circle		\$303,000	2,728	\$111.07
613-031-08	11/8/95	25586 Toledo Way		\$166,000	1,329	\$124.91
614-072-16	5/26/95	25275 Romero Place		\$187,000	1,448	\$129.14
614-092-04	4/5/96	22925 Crol Lane		\$128,000	1,335	\$95.88
614-092-26	1/12/96	25238 Clemens Lane		\$85,000	912	\$93.20
614-092-30	3/29/96	25256 Clemens Lane		\$85,000	912	\$93.20
614-092-39	5/16/95	22912 Crol Lane		\$104,500	1,180	\$88.56
614-092-40	4/4/96	22916 Crol Lane		\$101,000	1,180	\$85.59
614-202-26	3/12/96	22685 Dunkerfield Circle		\$172,000	1,400	\$122.86
614-202-38	5/30/95	22641 Claude Circle		\$149,500	982	\$152.24
614-202-89	10/6/95	25631 Blossom Park		\$169,000	1,471	\$114.89



Sheet9

	613-051-14	6/15/95	22492 Aliso Park Drive		\$177,000	1,748	\$101.26	
	613-051-26	8/21/95	22475 Aliso Park Drive		\$209,000	2,120	\$98.58	
	613-301-25	9/29/95	22211 Perth Way		\$219,000	1,757	\$124.64	
	613-301-45	12/19/95	25911 Windsong		\$266,000	2,596	\$102.47	
	613-302-02	11/15/95	22101 Bellcroft Drive		\$222,000	1,756	\$126.42	
	613-312-15	6/28/95	25981 Windsong		\$259,000	2,246	\$115.32	
	613-324-01	2/2/96	22031 Elsberry Way		\$249,500	2,246	\$111.09	
	613-324-08	11/21/95	25895 Astor Way		\$215,000	1,958	\$109.81	
	613-324-12	8/15/95	25886 Astor Way		\$210,000	1,966	\$106.82	
	613-324-17	8/23/95	25885 Vicar Way		\$235,000	2,036	\$115.42	
	614-112-07	3/25/96	24671 Rollingwood Road		\$245,000	2,611	\$93.83	
	614-121-12	5/4/95	24641 Rollingwood Road		\$215,000	2,017	\$106.59	
	614-121-46	6/30/95	24702 Glenwood Drive		\$260,000	2,492	\$104.33	
	614-451-26	2/29/96	22302 Parkwood Street		\$320,000	2,777	\$115.23	
	614-451-28	3/8/96	22312 Parkwood Street		\$188,000	1,914	\$98.22	
	614-391-01	6/14/95	22001 Trailway Lane		\$195,000	1,823	\$106.97	
	614-391-32	11/16/95	21996 Trailway Lane		\$215,000	1,823	\$117.94	
	613-242-06	12/5/95	21846 Fernleaf Drive		\$289,000	2,701	\$107.00	
	613-243-04	11/13/95	21721 Fernleaf Drive		\$370,000	2,999	\$123.37	
	613-243-21	8/16/95	21732 Twinford Drive		\$245,000	1,995	\$122.81	
	613-244-21	7/10/95	21821 Twinford Drive		\$295,000	2,701	\$109.22	
	613-251-03	6/13/95	21681 Newvale Drive		\$242,000	2,519	\$96.07	
	613-251-04	8/30/95	21691 Newvale Drive		\$237,000	2,787	\$85.04	
	613-252-15	8/9/95	21736 Newvale Drive		\$325,000	2,786	\$116.65	
	613-252-24	4/15/96	21735 Exton Way		\$285,000	2,323	\$122.69	
	613-252-31	10/11/95	21781 Queensbury Drive		\$305,000	2,928	\$104.17	
	613-321-11	1/8/96	22016 Elsberry Way		\$230,000	2,003	\$114.83	
	613-322-03	2/27/96	21855 Drexel Way		\$301,281	2,246	\$134.14	
	613-331-10	10/19/95	21696 Fernleaf Drive		\$275,000	2,484	\$110.71	
	613-333-04	3/22/96	21772 Bellcroft Drive		\$220,000	1,761	\$124.93	
	613-333-06	9/20/95	21806 Bellcroft Drive		\$215,000	1,757	\$122.37	
	613-334-03	11/2/95	21821 Bellcroft Drive		\$233,500	2,059	\$113.40	
	613-381-04	7/11/95	21962 Midcrest Drive		\$270,000	2,091	\$129.12	
	613-391-05	5/4/95	21742 Midcrest Drive		\$315,000	2,509	\$125.55	
	613-391-12	12/28/95	21852 Midcrest Drive		\$225,000	1,701	\$132.28	





ITEM B

INDUSTRIAL LEASE RATE SURVEY

Total Buildings from Grubb&Ellis Data Base												
ADDRESS	SQ. FEET	1987	1988									ASKING
												RATE
13645 Alton Pkwy	13,202		\$0.68									\$0.45
13695 Alton Pkwy	7,488		\$0.68									
13805 Alton Pkwy	9,336											
13805 Alton Pkwy	9,336									\$0.66	\$0.70	\$0.75
13865 Alton Pkwy	8,364		\$0.68							\$0.64		
13885 Alton Pkwy	8,200		\$0.68							\$0.67		\$0.65
14101 Alton Pkwy	207,653								\$0.55			\$0.65
15321 Alton Pkwy	8,846								\$0.35			\$0.39
4 Autry	16,526		\$0.60									
5Autry	16,830					\$0.65	\$0.49			\$0.52		\$0.55
6 Autry	21,207		\$0.69							\$0.54		\$0.45
11 Autry	16,537	\$0.58									\$0.62	\$0.68
11 Autry	16,537										\$0.66	
15091 Bake Pkwy	47,862		\$0.58		\$0.48							
15091 Bake Pkwy	47,862		\$0.75									
15221 Barranca Pkwy	30,495							\$0.43				\$0.45
15231 Barranca Pkwy	18,798			\$0.66			\$0.52	\$0.43			\$0.68	\$0.49
15251 Barranca Pkwy	25,700			\$0.84								
15271 Barranca Pkwy	23,148			\$0.60								\$0.59
15320 Barranca Pkwy	48,142					\$0.69			\$0.48			\$0.65
15340 Barranca Pkwy	20,271								\$0.40			
15365 Barranca Pkwy	53,361											
15375 Barranca Pkwy	5,714									\$0.70		
6 Bendix	18,720							\$0.42				\$0.49
3 Chrysler	18,000											
4 Chrysler	19,300					\$0.50						
15 Chrysler	25,185				\$0.49							
64 Fairbanks	47,786	\$0.50										
68 Fairbanks	73,610			\$0.50				\$0.50	\$0.50		\$0.50	\$0.48
68 Fairbanks	73,610											\$0.65
72 Fairbanks	65,902	\$0.49	\$0.41			\$0.44			\$0.47	\$0.51		\$0.55
76 Fairbanks	107,024	\$0.50										
3 Faraday	15,600	\$0.65								\$0.67		\$0.75
6 Faraday	15,827											
3 Goodyear	30,408	\$0.55				\$0.59		\$0.49	\$0.50			\$0.48
7 Goodyear	13,801							\$0.55				\$0.55

[illegible]

[illegible]

Subject Area Buildings - Grubb & Ellis Database												
ADDRESS	SQ. FEET	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	ASKING RATE
13645 Alton Pkwy	13,202											
13695 Alton Pkwy	7,488		\$0.68						\$0.45			\$0.45
13805 Alton Pkwy	9,336		\$0.68									
13805 Alton Pkwy	9,336									\$0.66	\$0.70	\$0.75
13865 Alton Pkwy	8,364		\$0.68							\$0.64		
13885 Alton Pkwy	8,200		\$0.68						\$0.55	\$0.67		\$0.65
14101 Alton Pkwy	207,653								\$0.35			\$0.65
15321 Alton Pkwy	8,846											\$0.39
Tripointe Center - Alton Pkwy	107,459											\$0.85
Tripointe Center - Alton Pkwy	107,459											\$0.85
6 Bendix	18,720							\$0.42				\$0.49
3 Chrysler	18,000											
4 Chrysler	19,300					\$0.50						
15 Chrysler	25,185				\$0.49							
Tripointe Center - Fairbanks	107,459											\$0.75
64 Fairbanks	47,786	\$0.50										
68 Fairbanks	73,610			\$0.50				\$0.50	\$0.50		\$0.50	\$0.48
68 Fairbanks	73,610											\$0.65
72 Fairbanks	65,902	\$0.49	\$0.41			\$0.44			\$0.47	\$0.51		\$0.55
76 Fairbanks	107,024	\$0.50										
3 Goodyear	30,408	\$0.55				\$0.59		\$0.49	\$0.50			\$0.48
7 Goodyear	13,801							\$0.55				\$0.55
11 Goodyear	14,464			\$0.60			\$0.45					
20 Goodyear	135,778						\$0.44					
17 Hughes	24,000											
25 Hughes	48,868							\$0.35				\$0.49
9201 Jeronimo	60,086											\$0.49
9271 Jeronimo	103,736	\$0.45				\$0.52						
9271 Jeronimo	103,736	\$0.44										
9600 Jeronimo	32,518		\$0.81					\$0.35	\$0.60	\$0.45		\$0.49
11 Morgan	37,149											
14 Morgan	21,588				\$0.49							
15 Morgan	35,488											
1 Musick	9,987											
7 Musick	7,063											



Comparable Area Buildings - Grubb & Ellis Database												
ADDRESS	SQ. FEET	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	ASKING RATE
4 Aultry	16,526											
5Aultry	16,830		\$0.60									\$0.55
6 Aultry	21,207		\$0.69		\$0.65	\$0.49				\$0.52		\$0.45
11 Aultry	16,537	\$0.58								\$0.54	\$0.62	\$0.68
11 Aultry	16,537										\$0.66	
15091 Bake Pkwy	47,862		\$0.58		\$0.48							
15091 Bake Pkwy	47,862		\$0.75									
15221 Barranca Pkwy	30,495							\$0.43				\$0.45
15231 Barranca Pkwy	18,798			\$0.66			\$0.52	\$0.43			\$0.68	\$0.49
15251 Barranca Pkwy	25,700			\$0.84								
15271 Barranca Pkwy	23,148			\$0.60					\$0.48			\$0.59
15320 Barranca Pkwy	48,142					\$0.69			\$0.40			\$0.65
15340 Barranca Pkwy	20,271											
15365 Barranca Pkwy	53,361											
15375 Barranca Pkwy	5,714									\$0.70		
3 Faraday	15,600	\$0.65								\$0.67		\$0.75
6 Faraday	15,827			\$0.50								
24 Hammond	6,341											
8 Holland	20,747	\$0.65										
1 Marconi	100,000				\$0.55					\$0.58		\$0.60
5 Marconi	200,648									\$0.40	\$0.40	\$0.40
7 Marconi	15,296								\$0.35			\$0.39
9 Marconi	16,489		\$0.53							\$0.48		
9 Marconi	16,489		\$0.55									
11 Marconi	15,828		\$0.60						\$0.52			\$0.52
11 Marconi	15,828		\$0.60						\$0.49			
6 Mason	30,284				\$0.36							
7Mason	16,000									\$0.55		
7Mason	16,000									\$0.52		\$0.49
12 Mason	21,333						\$0.54		\$0.45			\$0.42
14 Mason	17,323				\$0.58							
12 Mauchley	6,349											
34 Mauchley	15,929									\$0.77		\$0.81

[illegible]



ITEM C

QUALIFICATIONS OF THE CONSULTANTS

## **TARANTELO&ASSOCIATES**

### **DR. R. TARANTELO, CRE**

#### **EDUCATION:**

Doctor of Business Administration - Real Estate and Urban Land Economics, 1976; University of Southern California

Master of Business Administration - Financial Management and Business Economics, 1971; University of Southern California

Bachelor of Science - Real Estate and Finance, 1970  
California State University - Los Angeles

#### **PROFESSIONAL AFFILIATIONS:**

American Society of Real Estate Counselors, CRE  
Urban Land Institute (Full Member)  
National and California Association of Realtors  
American Real Estate and Urban Economics Association  
American Real Estate Society  
American Bar Association (Associate Member)

#### **BUSINESS EXPERIENCE:**

President, TARANTELO & ASSOCIATES,  
Real estate research, transactional consulting, investment advisory,  
and litigation support services.

#### **TEACHING EXPERIENCE:**

Associate Professor of Clinical Real Estate and Urban Land Economics; University of Southern California, 1979 to Present

Assistant Professor of Real Estate and Urban Land Economics;  
University of Southern California, 1976 to 1979

Assistant Professor of Real Estate, Finance, and Urban Land Development; California State Polytechnic University, Pomona, 1971 to 1976

#### **HONORS, DISTINCTIONS AND AWARDS:**

Wall Street Journal Achievement Award, 1971  
Wittenberg Fellowship for Doctoral Studies, 1976  
University of Southern California "Outstanding Faculty Member", 1978-1979  
Beta Gamma Sigma, National Honorary Fraternity

**EXPERT WITNESS  
TESTIMONIES:**

Commonwealth Equity Trust (Debtor), U.S. Bankruptcy Court, Eastern District of California, Case No. 93-26727-C-11, July, 1994.

Armstrong Garden Centers, Inc. v. P/A Chino Town Center Investors, et. al., San Bernadino Superior Court, Case No. RCV 058108, July, 1994.

Jimsair Aviation Services, Inc. and San Diego Unified Port District, Rent Arbitration, San Diego, California, June, 1994.

Law Office of Ginsburg & Hlywa v. David Liscom, Orange County Superior Court, Case No. 705 191, February, 1994.

Sequoia Management (Debtor), U.S. Bankruptcy Court, Central District of California, Case No. SA 93-18024 JW, January, 1994.

Allen, et al., v. Lake Cadena, et al., San Bernadino Superior Court, November, 1993.

Hanover Anaheim Properties (Debtor), U.S. Bankruptcy Court, Central District of California, Case No. SA 92-13697 JR, November, 1992

Moreno Industrial Development (Debtor), U.S. Bankruptcy Court, Central District of California, Case No. SB 91-15098 DN, November, 1992

Okura & Co. vs. The Careau Group et.al., U.S. District Court, Central District of California, Case No. 90-0542 (SVW), November 1990

Karcher vs. Kavanaugh, et.al., Los Angeles Superior Court, Case No. C-586004, June 1990

Santa Paula Rent Control Board, Mobile Home Park Rent Control Ordinance, February 13, 1989

UWC-Canoga Ltd. vs. Irvel, Inc., L.A. Superior Court, Case No. C-433052, May, 1988

Burkes, et. al., Orange County Superior Court, Case No. 396755, February 1988

Beverly Hills Savings vs. The Financial Center, U.S. Bankruptcy Court, Case No. LA 86-24591-LF, December, 1987

Lloyds of London vs. Ansell, U.S. District Court, Case No. CV-85 4356 KN, November,

1987

Kilroy vs. Kilroy, L.A. Superior Court, Case No. D141-898, December, 1986

**EXPERT WITNESS**

**TESTIMONIES:**

(Cont'd)

Olive Davis, et al, vs. City of Newport Beach, Orange County Superior Court, Case No. 32-95-85, July, 1986

Juan Segundo Jr., et al vs. City of Rancho Mirage and C/W Kapp vs. City of Cathedral City, Federal District Court, Case Nos. CV 82-4338 AAH and CV 84-3678, June-July 1985

Oceanside City Council, Mobile Home Park Rent Control Ordinance - October 22, 1985

San Jose City Council, Mobile Home Park Rent Control Ordinance - May 28, 1985

City of Orange City Council, Commercial Development Potential -February 19, 1985

San Jose Rent Stabilization Board, The Economic Impact of Rent Control on Investor Returns - September 24-25, 1984

President's Commission on Housing - presentation on October 28, 1981

Los Angeles County Rent Control Advisory Board, Fair and Just Return in Rent Controlled Units - April 9, 1980

Los Angeles City Council, Rent Control - July 25, 1978

California Assembly, Committee on Housing and Community Development - May 3, 1978

U.S. House of Representatives, Committee on Banking, Finance and Urban Affairs - January 17, 1978

**SELECTED**

**PUBLICATIONS:**

**Books**

Tarantello, Rocky A.; Findlay III, Chapman M; and Messner, Stephen D. Real Estate Portfolio Analysis. Lexington, Massachusetts: Lexington Books published by D.C. Heath and Company, 1983

A Multi-Period Real Estate Investment Simulation Model: A Financial Management Rate of Return (FMRR) Approach, with M. C. Findlay and S. D. Messner, Center for Real Estate and Urban Land Studies, University of Connecticut, 1981

The Future of the Real Estate Industry, Center for Futures Research, University of Southern California, 1974

**Refereed Journal Articles**

"Expert v. Advocate: The Ethical Dilemma of Expert Testimony," Real Estate Issues, Fall/Winter 1994, Forthcoming.

"Determining the Appropriate Interest Rate in Mortgage Loan Cram-Downs," Real Estate Issues, Vol. 18, Number 2, Fall/Winter 1993.

"Determining the Appropriate Discount Rate for Calculating The Present Value of Deferred Plan Payments: Historical Experience and Theoretical Underpinnings," California Bankruptcy Journal, Summer, 1989

"The Inflation Dependency of Leveraged Investment," Real Estate Issues, Vol. 10, Number 2, Fall/Winter 1985

"FMRR: A Programmable Calculator Implementation," with G. Tenzer, The Real Estate Appraiser and Analyst, 1981

"Risk Analysis in Real Estate, Part I: Is There Even an Old IRR Literature under Risk," with M. C. Findlay and S. Messner, The Real Estate Appraiser and Analyst, July-August, 1979

"Real Estate Education at U.S.C.", Journal of Financial Education, January, 1978

Abstract: "A CAPM View of VRMs", with R. V. Eastin and M.C. Findlay, Journal of Financial and Quantitative Analysis, November, 1976

**Other Publications**

"California Real Estate: It's the Morning After", USC Business, Winter/Spring 1991

"Continuation of Single Digit Rates Likely", Building Orange County, June/July, 1986

"Mortgage Lending: Buying the Assumptions", Building Orange County, June/July 1985

"1985 Outlook for Real Estate and the Economy", Building Orange County, December/January 1985

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"The Plight of the Thrifts", Executive Magazine, Vol. 8, No. 2, February 1982

"The Plight of the Thrift Industry", A.B. Laffer Associates, August 17, 1981

**Other Publications**  
(Cont'd)

"Free Market System Solution to Housing Problem", BIA/Orange County; October 1980

"Rent Control and the Housing Crisis in Southern California", Parts I and II, with M. C. Findlay,  
Real Estate Illustrated, Vol. I, Nos. 9 and 10, March 1980

"Why Firms Leave Los Angeles", Local Governments' Decisions and the Local Tax Base, The Lincoln Institute for Land Policy, October, 1979

"Faulty Vision: The Economic Shortsightedness of Rent Control", California Real Estate, December 1978

"Los Angeles Housing Costs, Economics and Public Policy", Southern California Business, February, 1978

DBA Dissertation, Variable-Rate vs. Fixed-Rate Mortgage Instruments: A Theoretic Approach, March 1976

**PROFESSIONAL  
AND ACADEMIC:**

Guest Speaker, Counselors of Real Estate, "1995 Economic Forecast", Anaheim, California, November 4, 1994.

Guest Speaker, National Association of Realtors, "Regional Trends and Their Effects on Commercial Real Estate", Anaheim, California, November 4, 1994.

Guest Speaker, Institute for Real Estate Management, "1994 California Real Estate Forecast", San Diego, California, December 3, 1993.

Guest Speaker, American Society of Real Estate Counselors, "1994 Real Estate Forecast", Miami, Florida, November 12, 1993.

Guest Speaker, Vista, California Economic Development Council, "1993 Regional Economic Overview," Vista, California, April 24, 1993

Guest Speaker, American Society of Real Estate Counselors, "1993 Real Estate Forecast",

Honolulu, Hawaii, November 13, 1992

Guest Speaker, University of Judaism Moriah Society, "The California Real Estate Market", Beverly Hills, California, November 4, 1992

**PROFESSIONAL  
AND ACADEMIC:  
(Cont'd)**

Guest Speaker, The Appraisal Institute, "1993 Real Estate Forecast", Orange County, California, October 21, 1992

Guest Speaker, Medical Group Management Association, "Analyzing Health Care Facility Costs", San Diego, California, June 15, 1992

Guest Speaker, Cushman & Wakefield Western Region, "1992 Real Estate Forecast", Los Angeles, California, March 5, 1992

Guest Speaker, Institute of Real Estate Management, "State and Regional Economic Forecast", Orange County, California, February 12, 1992

Guest Speaker, Commercial Industrial Real Estate Investment Council CIREIC, "1992 Real Estate Forecast", Newport Beach, California, November 19, 1991

Guest Speaker, National Association of Realtors, "Case Study in Real Estate Consulting", Las Vegas, Nevada, November 5, 1991

Guest Speaker, Real Estate Investment Association of California, "Opportunities for the 90s", Buena Park, California, July 23, 1991

Guest Speaker, Society of Industrial and Office Realtors, "Real Estate Counseling", Newport Beach, California, May 16, 1991

Guest Speaker, Building Industry Association, "California Real Estate Investment Forecast", Los Angeles, California, May 14, 1991, Anaheim, California, May 16, 1991

Guest Speaker, USC Commerce Associates, "Southern California Market Forecast", Los Angeles, California, April 24, 1991

Guest Speaker, Orange County Apartment Association, "Residential Income Property Economics", Anaheim, California, March 21, 1991

Guest Speaker, Commercial, Industrial Development Association, "The Orange County Real Estate Market", Irvine, California, February 21, 1991

Guest Speaker, Harvard College Alumni Association, "Real Estate Forum", Los Angeles, California, February 6, 1991

Guest Speaker, Century City Chamber of Commerce, "California Real Estate Forecast", Los Angeles, California, December 11, 1990

**PROFESSIONAL  
AND ACADEMIC:  
(Cont'd)**

Guest Speaker, Building Owners and Managers Association, "The Los Angeles Office Market", Los Angeles, California, January 17, 1990

Guest Speaker, California Community College Association, "Outlook for California Real Estate", Irvine, California, May 5, 1989

Guest Speaker, International Council of Shopping Centers, "An Economic Look into the 1990's, Anaheim, California, February 24, 1989

Guest Speaker, California Society of CPA's, "California Market Overview", Newport Beach, California, October 19, 1988

Guest Speaker, Wharton Alumni Association, "California Office Trends", Beverly Hills, California, June 14, 1988

Guest Speaker, American Institute of Architects", "The Orange County Slow Growth Initiative", Irvine, California, May 19, 1988

Guest Speaker, National Association of Industrial and Office Parks", "Orange County Office and Industrial Trends", Newport Beach, California, February 5, 1987

Guest Lecturer, Stanford University Graduate School of Business, "Real Estate Development Strategies", Palo Alto, California, January 26, 1987

Guest Lecturer, Dept. of Interior, Bureau of Indian Affairs, "Ground Lease Provisions for Indian Allottees", Palm Springs, California, April 16, 1986

Guest Lecturer, University of Chicago, "Real Estate Research and The Development Process", Chicago, Illinois, November 15, 1985

Guest Lecturer, University of Chicago Graduate School of Business, "The Business of Real Estate Consulting", Chicago, Illinois, April 25, 1985

Guest Speaker, Union Oil Corporation, "The Impact of Real Estate Economics on Timing and Location Choice, Rancho Santa Fe, California, September 17, 1984



Guest Speaker, Touche Ross & Co., "Real Estate Economics", Scottsdale, Arizona, May 17, 1982

Guest Speaker, County Planning Commissioners Conference, "SB 200 and the Peripheral Canal", Newport Beach, California, March 18, 1981

**BIOGRAPHICAL SKETCH**

**Dr. R. Tarantello**

Dr. Rocky Tarantello joined the faculty of the University of Southern California in 1974. He currently holds the position of Clinical Associate Professor of Real Estate and Land Economics. He received his Doctor of Business Administration and Master of Business Administration degrees from U.S.C. and a Bachelor of Science in Business Administration from California State University at Los Angeles.

Professional credentials include the CRE designation of the American Society of Real Estate Counselors, Full Member of the Urban Land Institute, Lambda Alpha National Honorary Land Economics Society, National and California Association of Realtors. He has extensive experience in real estate development, investment, market research, appraisal, and counseling throughout the United States. He is an active member of an Orange County hospital advisory board, and a member of the board of directors of the non-profit Southern California Housing Development Corporation. He is also President of Tarantello & Associates, a California based real estate counseling company.

11/94

**NANCY TARANTELO O'CONNOR**

**EDUCATION:** Masters of Business Administration - Real Estate and Financial Management, 1975  
University of Southern California

Bachelors of Science - Finance and Real Estate, 1974  
California State Polytechnic University, Pomona

**BUSINESS  
EXPERIENCE:**

**TARANTELO & ASSOCIATES**, Real Estate Consultant -  
Real Estate and Capital markets research, analysis, consultation, modeling,  
forecasting and litigation support services.

**HOUSTON COMPANY**, General Appraisal -  
Assist in the preparation of appraisals of commercial/income producing  
properties.

**REPRESENTATIVE PROJECTS:**

**Valuation Assignments:**

- Office - Glendale, Pasadena, Santa Monica
- Retail - Buena Park, Chino Hills
- Hotel/Motel - Ontario, Los Angeles, Orange County
- Land - Highest and Best Use/Subdivision, Malibu Canyon
- Mixed Use
- R&D - San Gabriel Valley

Assignments include the research, analysis and preparation of complex  
valuation issues, project feasibility, evaluations, damage estimation and  
tax reassessment.

**Consulting Assignments:**

- Bankruptcy Plan Feasibility, Cram-down Rate Determination
- Market Analysis

**Consulting Assignments (Con't):**

- Damage Estimation
- Economic Impact Analysis

Participation in Bankruptcy Plan Feasibility has resulted in the restructuring of outstanding mortgage debt. Assisted in Market and Economic Impact analyses which included the construction of predictive and observational statistical and econometric models.